

1952

Uniform system of accounts for pipe line companies prescribed by the Interstate Commerce Commission in accordance with section 20 of the Interstate Commerce Act, issue of 1952, Revised to July 1, 1952

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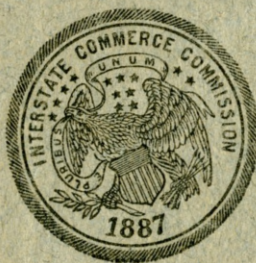
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UNIFORM SYSTEM OF ACCOUNTS
FOR
PIPE LINE COMPANIES

PRESCRIBED BY THE
INTERSTATE COMMERCE COMMISSION
in accordance with Section 20 of the Interstate Commerce Act

ISSUE OF 1952

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UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1952

THE INTERSTATE COMMERCE COMMISSION

DIVISION I

CHARLES D. MAHAFFIE

WILLIAM E. LEE

RICHARD F. MITCHELL

W. P. BARTEL, *Secretary*

(II)

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TITLE 49—TRANSPORTATION

CHAPTER I—INTERSTATE COMMERCE COMMISSION

PART 20—PIPE LINE COMPANIES: UNIFORM SYSTEM OF ACCOUNTS

ORDER

At a session of the Interstate Commerce Commission, division 1, held at its office in Washington, D. C., on the 10th day of June A. D. 1952.

The matter of accounting regulations for pipeline companies being under consideration pursuant to the provisions of part I of the Interstate Commerce Act, as amended (34 Stat. 593, 54 Stat. 916, 49 U. S. C. 20); and,

It appearing, That the "Uniform System of Accounts for Pipe Line Companies, First Revised Issue," was prescribed by order dated November 16, 1934, subsequent to the effective date of which supplemental orders have been issued making substantial changes in the original provisions thereof, as a result of which changes it is desirable and appropriate that the regulations so modified be consolidated and published in revised form:

It is ordered, That the regulations prescribed by the order of November 16, 1934, as revised and supplemented by orders dated November 27, 1942, January 22, 1945, April 22, 1946, December 23, 1946, October 28, 1947, June 8, 1949, and November 15, 1951, all the provisions of which are referred to and made a part hereof, be, and they are hereby, published in revised and codified form to be known as the "Uniform System of Accounts for Pipe Pine Companies, Issue of 1952;" and,

It is further ordered, That a copy of this order with the attached regulations be served on all common carriers by pipe lines which are subject to provisions of the Act, and that notice of this order be given to the general public by depositing a copy thereof in the office of the Secretary of the Commission at Washington, D. C., and by filing it and the attached regulations with the Director of the Division of the Federal Register.

By the Commission, division 1.

[SEAL]

W. P. BARTEL,
Secretary.

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20.156	Buildings.
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20.163	Communication systems.
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TRUNK LINES*Maintenance*

20.651	Superintendence.
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Sec.

20.656	Repairs of oil tanks.
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20.660	Repairs of vehicles and other work equipment.
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20.663	Depreciation.
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20.665	Amortization adjustment.

Transportation

20.671	Superintendence.
20.672	Operation of pipe lines.
20.673	Operation of pumping stations.
20.674	Operation of oil tanks.
20.675	Operation of delivery facilities.
20.676	Operation of communication systems.
20.677	Oil shortage.
20.678	Other expenses.

General Office

20.681	General office salaries.
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20.683	Law expenses.

Other Expenses

20.684	Injuries to persons.
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AUTHORITY: §§ 20.0-0 to 20.804 issued under sec. 12, 24 Stat. 383, as amended; 49 U. S. C. 12. Interpret or apply sec. 20, 24 Stat. 386, as amended; 49 U. S. C. 20.

SOURCE: §§ 20.0-0 to 20.804 appear at 12 F. R. 6527, except as noted following sections affected.

NOTE: In this part the numbers assigned to sections thereof include as a whole number, following the decimal point, the number of the prescribed account. Where references throughout the regulations are to an account, as such, only the account number portion of the section number is used. For example: Account 1, "Investment in carrier property," may be mentioned in the instructions or in the text of another account, and will be found as § 20.1 under balance sheet. Sections devoted to instructions, as distinguished from the texts of the prescribed accounts, are numbered § 20.0, with the prescribed instruction number following a dash.

INTRODUCTION

§ 20.0-0 *General instructions.* The serially numbered instructions, which are introduced by this section, relate to matters of general accounting terms and procedure. Each major grouping of accounts prescribed hereinafter is preceded by a list of instructions pertaining specifically to those accounts.

§ 20.0-1 *Records.* (a) The carrier's records shall be kept with sufficient particularity to show fully the facts pertaining to all entries in these accounts.

(b) Where the full information is not recorded in the general books the entries therein shall be supported by other records in which the full details shall be shown and the general-book entries shall contain sufficient reference to the detail records to permit ready identification.

(c) The detail records shall be filed in such manner as to be readily accessible for examination by representatives of this Commission.

(d) Attention is directed to the following extract from section 20 of the Interstate Commerce Act:

Any person who shall wilfully make any false entry in the accounts of any book of accounts or in any record or memoranda kept

by a carrier, or who shall wilfully destroy, mutilate, alter, or by any other means or device falsify the record of any such account, record, or memoranda, or who shall wilfully neglect or fail to make full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the carrier's business, or shall keep any other accounts, records, or memoranda than those prescribed or approved by the Commission, shall be deemed guilty of a misdemeanor, and shall be subject, upon conviction, in any court of the United States of competent jurisdiction, to a fine of not less than one thousand dollars nor more than five thousand dollars or imprisonment for a term not less than one year nor more than three years, or both such fine and imprisonment: *Provided,* That the Commission may, in its discretion, issue orders specifying such operating, accounting or financial papers, records, books, blanks, tickets, stubs, or documents of carriers which may, after a reasonable time, be destroyed, and prescribing the length of time such books, papers, or documents shall be preserved.

The Commission's order specifying records which may be destroyed is contained in its "Regulations to Govern the Destruction of Records of Carriers by Pipe Line."

(e) Accounts which are clearly summaries of other accounts prescribed herein (for example, account 55, "Funded debt unmatured," which summarizes the balance in the several funded debt accounts) are not required to be kept in the carrier's books.

(1) Carriers may subdivide any of the accounts, provided such subdivisions do not impair the integrity of the accounts prescribed.

(2) The titles of all such subdivisions or subaccounts shall refer by number or title to the accounts of which they are subdivisions.

(3) When subaccounts are thus kept, it is not required that the main accounts of which they are subdivisions also shall be kept in the carrier's books.

(4) Clearing accounts, in addition to those prescribed herein, may be kept when necessary in making the proper distribution of items to the appropriate primary accounts.

(5) As of the effective date of this system of accounts, the several accounts prescribed herein shall be opened by appropriately transferring thereto the balances carried in the accounts previously maintained by the carrier.

(6) The carrier is permitted for code or other purposes to prefix or suffix to the account numbers prescribed herein, let-

ter or number designations providing that such additions do not impair the integrity of the prescribed account numbers.

(7) The carrier is authorized to make such subdivisions, reclassifications, or consolidations of such balances as are necessary to meet the requirements of this system of accounts.

(8) Temporary or experimental accounts may be kept in addition to the accounts prescribed in this part for the purpose of developing the efficiency of operations, etc.: *Provided*, Such accounts do not impair the integrity of any accounts provided in this part.

(f) The accounts for each month shall be recorded currently.

(g) The general-ledger balance of each suspense or open account as of the close of each month shall be verified by comparison with the total of the detail items covered therein, except that when so authorized by this Commission upon showing that the integrity of any ledger account can be maintained with less frequent verification of the balances, verifications may be made at periods designated in this Commission's specific authority.

(h) Balances shall be struck for each account at the close of each calendar year and the balances thus determined in each account at the close of each year shall be carried forward to the corresponding account for the succeeding year.

§ 20.0-2 *Definitions*. When used in this system of accounts the term:

(a) "Actually issued," as applied to certificates of capital stock or evidences of funded debt issued or assumed by the carrier means those which have been sold to bona fide purchasers for a valuable consideration (including those issued in exchange for other securities or other property) under the condition that the purchasers secured them free from all control by the issuing carrier.

(b) "Actually outstanding," as applied to certificates of capital stock or evidences of funded debt means those which have been "actually issued" and are not held by or for the carrier.

(c) "Affiliated companies," means:

(1) Controlled companies, i. e., companies solely controlled by the carrier, and also companies jointly controlled by the carrier and others under a joint arrangement.

(2) Controlling companies, i. e., companies solely controlling the carrier and

also companies which jointly control the carrier under a joint arrangement.

(3) Companies controlled by controlled companies.

(4) Companies controlled by controlling companies.

(i) By "control," is meant the ability to determine the action of a company. For the purposes of this instruction the following are to be considered forms of control:

(a) Right through title to securities issued or assumed by the controlled company to exercise the major part of the voting power in the controlled company.

(b) Right through agreement or through sources other than title to securities to name the majority of the board of directors, managers, or trustees of the controlled company.

(c) Right to foreclose a priority lien upon all or a major part in value of the tangible property of the controlled company.

(d) Right to secure control in consequence of advances made for construction of the property of the controlled company.

(ii) A leasehold interest in the property of a company is not, for the purpose of these accounts, to be classed as a form of control over the lessor company.

(iii) Sole control is that which rests in one company.

(iv) Joint control is that which rests in two or more companies, and which is held under a joint arrangement.

(d) "Book cost" or "book value" means the amount at which assets are to be recorded in the accounts of the carrier.

(e) "Book liability" means the amount at which securities issued or assumed by the carrier and other liability items are to be recorded in the accounts of the carrier.

(f) "Carrier" means common carrier.

(g) "Carrier property" means physical property used in pipe-line service and physical property held for such service under a definite plan.

(h) "Cost of removal" means the cost of demolishing, tearing down, dismantling, removing, or otherwise disposing of carrier property and recovering the salvage.

(i) "Debt expense," as applied to debt, means all expenses in connection with the issue and sale of evidences of debt, such as fees for drafting mortgages and

trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidence of debt; fees and expenses of listings on exchanges; and other like costs.

(j) "Delayed items" means items relating to transactions which occurred before the current calendar year, including adjustments of errors.

(k) "Depreciable accounts" are those in which it is required shall be recorded the cost of those classes of property for which depreciation charges in operating expenses and other accounts are prescribed by this system of accounts.

(l) "Depreciation" means the loss in service value not restored by current maintenance and incurred in connection with the consumption or prospective retirement of physical property in the course of service from causes against which the carrier is not protected by insurance, which are known to be in current operation, and the effect of which can be forecast with a reasonable approach to accuracy.

NOTE: Among the causes which may result in the loss of the service value of depreciable property are:

- (a) Physical depreciation.
- (b) Obsolescence.
- (c) Inadequacy.
- (d) Decline and exhaustion of the traffic which the property was designed to transport.

(m) "Discount," as applied to actually outstanding securities issued or assumed by the carrier, means the excess of the par value of the securities plus interest or dividends accrued at the date of the sale over the current money value of the consideration received at their sale.

(n) "Group plan," as applied to depreciation accounting, means the plan under which depreciation charges are accrued upon the basis of the book cost of all property included in each depreciable account, using the average service life thereof properly weighted, and upon the retirement of any depreciable property its full service value is charged to the depreciation reserve whether or not the particular item has attained the average service life.

(o) "Investment advances" means advances, represented by notes or by book accounts which it is mutually agreed or

intended between the creditor and the debtor shall be settled by the issuance of capital stock or funded debt and advances not subject to current cash settlement.

(p) "Minor items," as applied to carrier property other than land, means any part or element thereof which is not designated as a unit of property in Appendix A.

(q) "Nominally issued," as applied to certificates of capital stock or evidences of funded debt, means those which have been signed, certified, or otherwise executed and placed with the proper officer for sale or pledged or otherwise placed in some special fund of the carrier but which have not been sold.

(r) "Nominally outstanding," as applied to certificates of capital stock or evidences of funded debt, means those which, after being actually issued, have been reacquired by or for the carrier under such circumstances as require them to be held alive and not canceled or retired.

(s) "Nonaffiliated companies" means all companies other than those defined as affiliated in paragraph (c) of this section.

(t) "Noncarrier property" means property neither used in nor held under a definite plan for pipe-line service or service incidental thereto.

(u) "Nondepreciable accounts" are those in which shall be recorded the book cost of those classes of property for which no charges to operating expenses for depreciation are permitted.

(v) "Original cost," as applied to carrier property, means actual construction cost if of record and estimated if not of record.

(w) "Pipe-line operations" and "pipe-line service" means the service by common carriers in transporting oil or other commodities, except water and natural or artificial gas, by pipe lines and service incidental thereto.

(x) "Premium," as applied to actually outstanding securities issued or assumed by the carrier, means the excess of the current money value of the consideration received at their sale over the sum of their par value and interest or dividends accrued at the date of the sale.

(y) "Property retired," as applied to carrier property, means property which has been removed, sold, abandoned, destroyed, or otherwise withdrawn from

pipe-line service, and not held for such service.

NOTE: The dismantling or tearing down of a structure or a unit of equipment in order to replace parts thereof with improved parts, the purpose of which is to modernize the unit and to extend its life beyond its original expectation of life, shall be accounted a retirement, but the dismantling or stripping of such property only to the extent necessary to recondition or to replace in kind defective parts shall be accounted as repairs. (This does not apply to oil-line pipe and line-pipe fittings.)

(z) "Replacement" means the installation of physical property in substitution of other property which has been retired.

(aa) "Retirement," as applied to physical property, means the permanent withdrawal of the property from the service in which it has been used.

(bb) "Service life" means the period between the time of installation and the time of retirement of carrier property.

(cc) "Service value," as applied to carrier property, is the book cost thereof plus the cost to the carrier of salvaging the property and less the value of the salvage therefrom.

NOTE: The cost of recovering less than units of line pipe and fittings which are replaced in kind shall be included in operating expenses and not as a factor in the service value of such property. (See also text of accounts 602, 652, 752, "Repairs of pipe lines.")

(dd) "Shop plant" means a shop or group of shops for the repairs and/or construction of carrier property.

(ee) "Straight-line method," as applied to depreciation accounting, means the plan under which the service value or property is charged to operating-expense, carrier-property, and clearing accounts and credited to account 74, "Accrued depreciation—Carrier property," through equal annual charges based on established rates applied to the book cost of the property during its service life.

(ff) "The carrier" means the accounting company.

(gg) "These accounts" mean the accounts of the particular group to which the instruction relates; for example, if used in connection with the carrier's property accounts it means accounts 101 to 193, inclusive.

(hh) "Time of installation" means the date at which carrier property is completed and/or placed in pipe-line service.

(ii) "Time of retirement" means the date at which carrier property is withdrawn from pipe-line service.

(jj) "Value of salvage" means the amount received for property retired, or for the material salvaged therefrom, if sold, or if retained the value at which the property or the material salvaged therefrom is chargeable to account 17, "Material and supplies," or other accounts of this system of accounts.

§ 20.0-3 Unaudited items. When the amount of a known revenue, expense, or income item cannot be accurately determined in time for inclusion in the accounts of the calendar year in which the transaction occurs, the amount shall be estimated and included in the appropriate accounts, and the necessary adjustments shall be made when the item is audited. If, during the interval between the date of inclusion of the item in the accounts and the date on which it is audited, a substantial difference is determined between the initial estimate and the actual amount of the item, appropriate adjustment shall be made in the current accounts to cover such difference. The carrier shall preserve in its files a record of the information upon which this supplemental estimate is based. The carrier is not required to anticipate minor items which would not appreciably affect the accounts.

[12 F. R. 6527, as amended at 12 F. R. 8408]

§ 20.0-4 Delayed items. (a) Delayed items shall be charged or credited to the same accounts which should have been charged or credited if the items had been taken up or adjusted in the period to which they pertain. When the amount of a delayed item is relatively so large that its inclusion in the accounts for a single month would seriously distort those accounts, it may be distributed in equal amounts within the current and remaining months of the calendar year.

(b) If the amount of any delayed item is relatively so large that its inclusion in the accounts for a single year would seriously distort those accounts, the carrier, if so authorized, upon application to this Commission, may distribute to the delayed income accounts so much of the amount as may be authorized. In requesting the authority, the carrier shall file with this Commission the full particulars concerning each item and the reasons which, in its judgment, indicate the propriety of such accounting.

§ 20.0-5 Profits and losses from foreign exchange. Profits and losses from premiums and discounts on foreign exchange shall be included in account 409, "Miscellaneous income," or account 415, "Miscellaneous income charges," as may be appropriate.

§ 20.0-6 Interpretation of item lists. Lists of "items" appearing in the texts of the several accounts are given for the purpose of clearly indicating the application of the accounting rules in specific cases. The lists are not to be considered as comprising all the items includible in the several accounts, but merely as representative of them. On the other hand the appearance of an item in a list warrants the inclusion of such item in the account concerned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

§ 20.0-7 Submission of questions. To the end that uniformity of accounting may be maintained, the carrier shall submit all questions of doubtful interpretation of the accounting rules to this Commission for consideration and decision.

§ 20.0-8 Depreciation accounting—(a) Computing and filing of depreciation rates. (1) The carrier shall file with this Commission composite annual percentage rates estimated to be applicable to the book cost of each class of depreciable carrier property owned or used by it. These percentage rates shall be based on the estimated service values and service lives developed by a study of the carrier's history and experience and such engineering and other information as may be available with respect to prospective future conditions. These percentage rates shall be computed in conformity with the group plan of accounting for depreciation and shall be such that the loss in service value of the property, except for losses excluded under the definition of depreciation may be distributed under the straight-line method during the service life of the property. Such percentage rates shall for each primary account comprised of more than one class of property, produce a charge to operating expenses for that account equal to the sum of the amounts that would otherwise be chargeable for each of the various classes of property included in the account. The annual percentage rates so filed shall be accom-

panied by a sworn statement showing the bases therefor and the methods employed in their computation. A carrier subject to the provisions of this system of accounts on January 1, 1935, shall file such percentage rates not later than September 1, 1935. A carrier which becomes subject to the provisions of this system of accounts after January 1, 1935, shall file such percentage rates within 6 months after the provisions of this system of accounts become applicable to it. The carrier shall be prepared at any time, upon direction of this Commission, to compute and submit for its approval revised percentage rates in cases where existing rates are deemed inapplicable.

(2) In the event any composite percentage rate prescribed by this Commission, in the judgment of the carrier, becomes no longer currently applicable, it shall in like manner file annual percentage rates which in its judgment should be established.

(3) The carrier shall keep such records of property and property retirements as will reflect the service life of property which has been retired, or will permit the determination of service-life indications by mortality, turn-over, or other appropriate methods, and also such records as will reflect the percentage of value of the salvage for property retired from each class of depreciable carrier property.

(b) **Depreciation charges.** Charges for currently accruing depreciation shall be made monthly to accounts 613, 663, 763, "Depreciation," and corresponding credits shall be made to account 74, "Accrued depreciation—carrier property." In computing the current monthly charges, one-twelfth of the composite annual percentage rate applicable to each primary account covering depreciable carrier property shall be applied to the balances as of the first of the current month in each such primary account.

(c) **Depreciation rates.** A separate composite annual percentage rate for each account covering depreciable carrier property shall be used in computing depreciation charges. Such composite rates shall be those which are from time to time prescribed by this Commission, except that where no rates previously have been prescribed for the carrier's use by this Commission, the carrier's estimates of composite annual percentage rates computed in accordance with paragraph (a) of this section shall be used prior to the dates rates prescribed by this Commission becomes effective.

NOTE: Where the composite rate as prescribed by this Commission has been developed by the application of component rates to the various subclasses of property within a primary account and a segregation of the property to which they are applicable is maintained or is available, such component rates may be used in computing the current depreciation charges (as long as the property to which they apply is in service and the estimated service lives, etc., upon which they are based remain the same) without a supplemental order, regardless of the fact that the amount of the various classes of property has so changed as to make possible the computation of a slightly different composite rate.

(d) *Classes of depreciable carrier property.* The classes of depreciable carrier property and the accounts covering such property are as follows:

Account No.			Account title
Gathering lines	Trunk lines	General	
102	152	-----	Rights-of-way.
103	153	-----	Line pipe.
104	154	-----	Line-pipe fittings.
105	155	-----	Pipe-line construction.
106	156	176	Buildings.
107	157	-----	Bollers.
108	158	-----	Pumping equipment.
109	159	179	Machinetools and machinery.
110	160	-----	Other station equipment.
111	161	-----	Oil tanks.
112	162	-----	Delivery facilities.
113	163	183	Communication systems.
114	164	184	Office furniture and equipment.
115	165	185	Vehicles and other work equipment.
116	166	186	Other property.

(e) *Retirements.* Except as provided in paragraph (f) of this section upon the retirement of a unit of depreciable property the service value shall be charged in its entirety to account 74, "Accrued depreciation; carrier property." The depreciation reserve shall be credited with the full amount of any insurance recovered.

(f) *Special accounting authority.* Upon proof by the carrier that the charge to the depreciation reserve in connection with the retirement of depreciable property will result in undue depletion thereof, with the approval of this Commission, it may charge to account 312, "Debits from retired carrier property," or to account 27, "Extraordinary maintenance suspense" (note text thereof), such part of the service value of the retired property which it is authorized to charge thereto. In case the amount of insurance recovered by the carrier, creditable to account 74, "Ac-

crued depreciation—carrier property," would unduly inflate that account, the carrier may credit to account 302, "Credits from retired carrier property," such part of the insurance recovered as it may be specifically authorized by this Commission to so credit. The application to this Commission for such special accounting shall give full particulars concerning the situation, and shall indicate the carrier's reason for the accounting proposed.

BALANCE SHEET INSTRUCTIONS

§ 20.0-20 *Form of balance sheet statement.* This form of balance sheet statement is designed to show the financial condition of the carrier as of the date for which it is drawn.

ASSET SIDE INVESTMENTS

Sec.

- 1 Investment in carrier property.
- 2 Cost of organization.
- 3 Operating oil supply.
- 4 Sinking funds.
- 5 Miscellaneous physical property.
- 6 Investments in affiliated companies.
- 7 Other investments.
- 8 Company securities owned (in short column).

Total.

CURRENT ASSETS

- 9 Cash.
- 10 Demand loans and deposits.
- 11 Time drafts and deposits.
- 12 Special deposits.
- 13 Notes receivable.
- 14 Agents' balances.
- 15 Revenue receivable.
- 16 Accounts receivable.
- 17 Material and supplies.
- 18 Interest and dividends receivable.
- 19 Rents receivable.
- 20 Other current assets.

Total.

DEFERRED DEBITS

- 21 Working-fund advances.
- 22 Insurance and other funds.
- 23 Rents and insurance premiums paid in advance.
- 24 Taxes paid in advance.
- 25 Discount on capital stock.
- 26 Discount on funded debt.
- 27 Extraordinary maintenance suspense.
- 28 Other deferred debits.

Total.

Grand total.

LIABILITY SIDE STOCK

- 51 Capital stock.
- 52 Liability for conversion of stock.
- 53 Premium on capital stock.
- 54 Capital-stock installments.

Total.

LONG-TERM DEBIT

Sec.

- 55 Funded debt unmatured.
- 56 Receivers' certificates.
- 57 Nonnegotiable debt to affiliated companies.
- Total.

CURRENT LIABILITIES

- 58 Notes payable.
- 59 Joint revenue payable.
- 60 Wages payable.
- 61 Accounts payable
- 62 Interest matured unpaid.
- 63 Dividends matured unpaid.
- 64 Funded debt matured unpaid.
- 65 Unmatured dividends declared.
- 66 Unmatured interest accrued.
- 67 Unmatured rents accrued.
- 68 Taxes accrued.
- 69 Other current liabilities.
- Total.

DEFERRED CREDITS AND RESERVES

- 70 Liability for provident funds.
- 71 Premium on funded debt.
- 72 Insurance reserve.
- 73 Operating reserves.
- 74 Accrued depreciation—Carrier property.
- 75 Amortization reserve.
- 76 Accrued depreciation—Miscellaneous physical property.
- 78 Other deferred credits.
- 79 Reserve for adjustment of investment in securities.
- Total.

CORPORATE SURPLUS

- 80 Unearned surplus.
- 81 Appropriated earned surplus.
- 82 Earned surplus.
- Total.
- Grand total.

§ 20.0-21 *Purpose of balance-sheet accounts.* The balance-sheet accounts (1 to 82) are designed to show the assets, liabilities, capital stock, and surplus or deficit of the carrier.

§ 20.0-22 *Current assets.* (a) In the group of accounts designated as current assets (accounts 9 to 20) shall be included cash, those assets which are readily convertible into cash or held for current use in operations or construction, current claims against others, and amounts accruing to the carrier which are subject to current settlement.

(b) There shall not be included under current assets any amount the collection of which is not reasonably assured by the known financial condition of the debtor. The amount of any item of current character but doubtful value shall be written down or written off by charges to account 423, "Bad debts."

§ 20.0-23 *Book value of securities owned.* (a) This system of accounts re-

quires that the securities of others acquired by the carrier shall be recorded at the money value, at the time of acquisition, of the consideration given therefor by the carrier, but excluding amounts paid for accrued interest or accrued dividends.

(b) The carrier shall write down such book costs or create reserves in recognition of a substantial decline in the value of the securities. Fluctuations in market values shall not be recorded but permanent impairment in values shall be recognized in the accounts. Securities shall be written down or reserves created to reflect loss in value, or written off entirely if there is no reasonable prospect of future value. Adjustments in the book values of securities shall not be delayed beyond the year in which a loss is claimed for income tax purposes. The amount of such adjustments shall be debited to account 314, "Miscellaneous debits."

(c) Carriers may create reserves to provide for depreciation in the values of securities owned by charges to account 314, "Miscellaneous debits." (Note account 79, "Reserve for adjustment of investment in securities.")

(d) When securities with a fixed maturity date are purchased at a discount or premium (i. e., when the total cost including brokerage fees, taxes, commissions, etc., is less or more than par) such discount or premium may be amortized over the remaining life of the securities by periodical debits or credits to the account in which the cost of the securities is recorded with corresponding credits to account 409, "Miscellaneous income," or debits to account 415, "Miscellaneous income charges," as appropriate. If the annual amount to be amortized does not exceed \$1,000, the carrier may write off the total discount or premium by inclusion in the appropriate income account. No amortization entries shall be recorded in respect to discount upon securities held as investments unless there is reason to believe the securities will be disposed of at a sum equal to par or par will be collected at maturity.

§ 20.0-24 *Company securities owned.* (a) The book value of nominally issued and nominally outstanding stocks and funded debt securities issued or assumed by the carrier shall be shown in the short columns only of the balance-sheet statement of the carrier to this Commission. Such securities having a par value shall be so shown at their par value and for stocks having no par value there shall be

shown the number of shares and any nominal value assigned thereto.

(b) The necessary adjustments of the difference between book liability for securities reacquired and the amount actually paid for them shall be made in accordance with the provisions of § 20.0-26 *Discount and premium on capital stock*, and § 20.0-27 *Discount, premium, and expense on funded debt*, as appropriate.

§ 20.0-25 *Income from sinking, insurance, and other reserve funds*. When interest and other income arising from reserve funds (note account 407, "Income from insurance and other reserve funds") are required by the mortgage or other provisions to be held in the funds, such income shall be charged as appropriate to account 4, "Sinking funds," or account 22, "Insurance and other funds." If such funds are represented by a reserve established through reservations of income or surplus, amounts so set aside shall be charged to account 420, "Miscellaneous reservations of income," or account 315, "Miscellaneous reservations of surplus," as may be appropriate, and credited to account 81, "Appropriated earned surplus."

§ 20.0-26 *Discount and premium on capital stock*. (a) All discounts suffered and premiums realized at the sale, resale, or exchange of each particular class of par stock issued or assumed by the carrier shall be included in a separate discount and premium account:

(b) Discount on each subclass of capital stock may be offset or reduced by charges to account 53, "Premium on capital stock," to the extent that premiums have been included therein, or to account 80, "Unearned surplus," to the extent that net gains from reacquisition, resale, or retirement of capital stock applicable to such subclass have been included therein. Any remaining discount may be amortized by charges to account 316, "Stock discount extinguished through surplus," or may be retained in account 25, "Discount on capital stock," until the stock to which the discount applies is reacquired.

(c) Except as provided in paragraph (b) premiums on capital stock shall be carried in account 53, "Premium on capital stock," until the stock to which the premiums apply is reacquired.

(d) When an issue of capital stock, or any part thereof, is reacquired either by purchase or through donations by stockholders, it shall be charged at its par value, or if stock without par value, at

the proportionate amount at which the particular class of stock is included in account 51, "Capital stock," to that account if canceled, and to accounts 4, "Sinking funds," 8, "Company securities owned," or 22, "Insurance and other funds," as may be appropriate, if not canceled. The difference between the amount at which such reacquired stock was recorded in account 51, "Capital stock," and the amount paid by the accounting company for such stock, including any premiums or discount applicable to each subclass carried in account 53, "Premium on capital stock," or account 25, "Discount on capital stock," shall be included in account 80, "Unearned surplus": *Provided, however*, That the excess of a debit over the amount of accumulated net gains applicable to each subclass included in unearned surplus shall be charged to account 314, "Miscellaneous debits."

(e) When reacquired capital stock is resold the difference between the amount at which such stock is included in a particular asset account and the net sale price realized when resold shall be included in account 80, "Unearned surplus," subject to the proviso in paragraph (d) of this section.

(f) In no case shall discount on capital stock be charged to or included in any account as a part of the cost of acquiring property or as a part of the cost of operation.

(g) Assessments against stockholders shall be credited to the premium account of the particular class of capital stock so assessed, except that assessments with respect to nonpar stock shall be credited to account 51, "Capital stock."

§ 20.0-27 *Discount, premium, and expense on funded debt*. (a) All discounts suffered, premiums realized, and expense incurred at the sale, resale, or exchange of each particular class of funded debt issued or assumed by the carrier shall be included in a separate discount, premium, and expense on funded-debt account.

(b) If the net of the balances in the discount, premium, and expense accounts for all classes of funded debt outstanding is a debit balance, the amount shall be included in the balance sheet in account 26, "Discount on funded debt," and if a credit balance the amount shall be included in account 71, "Premium on funded debt."

(c) Each month or other accounting period there shall be credited to each

particular discount, premium, and expense on funded-debt account in which there is a debit balance, the proportion (based upon the ratio of the period to the life of the security remaining at the beginning of each such accounting period) of the debit balance in the accounts as is applicable to the period. The amounts thus credited shall be concurrently charged to account 418. "Amortization of discount on funded debt." Correspondingly each month or other accounting period there shall be charged to each account in which there is a credit balance the proportion of each of the credit balances therein as is applicable to the period. The amounts thus charged shall be concurrently credited to account 408, "Release of premium on funded debt." (See § 20.0-36 (k) (2) *Cost of construction*.)

(d) Except as provided in § 20.0-36 (k) (2) *Cost of construction* no part of the balance in any account for discount, premium, and expense on funded debt shall be included in any account as a part of the cost of acquiring any property or part of the cost of operation.

(e) Except as provided in the foregoing paragraphs of this instruction the balance in each of these accounts shall be carried until the reacquirement of the securities to which they relate, at which time the proportion (based on the relation of the amount of funded debt reacquired to the actual outstanding before its reacquirement) of the balance in the discount, premium, and expense account for the particular class of funded debt reacquired shall be closed to account 304, "Miscellaneous credits," or account 314, "Miscellaneous debits," as may be appropriate.

§ 20.0-28 *Conversion of securities*. Before recording journal entries which it is proposed to spread upon the carrier's book to record the reacquirement of capital stock or funded debt securities issued or assumed by the carrier through issuance in exchange therefor of either the carrier's capital stock or funded debt securities they shall be presented to this Commission for consideration. The text of such entries shall give complete information concerning the plan of exchange; the authority of the regulatory body with respect thereto, if any; and shall show the basis upon which the amounts in the entries have been determined.

§ 20.0-29 *Contingent assets and liabilities*. (a) Contingent assets and lia-

bilities shall not be included in the body of the balance-sheet statement. Contingent assets represent possible sources of value to the carrier contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may, under certain conditions, become obligations of the carrier, but are neither direct nor assumed obligations on the date of the balance sheet.

(b) Contingent assets and liabilities shall be shown in detail in a supplementary statement accompanying the balance sheet.

§ 20.0-30 *Reorganizations*. (a) Where a carrier involved in receivership or bankruptcy is so reorganized as to preserve in whole or in part the interests of its owners and creditors, whether through the owning corporation or a successor corporation, or is a company resulting from reorganization of a carrier in any other manner, and such company emerges from such reorganization as the owner of investments, it shall at the time of recording such investments on its books include in account 193, "Acquisition adjustment," the net difference between the total of accounts 1 to 28, inclusive (after distributing to the primary property accounts other than account 193 the original cost of the transportation property involved), and the total of accounts 51 to 79, inclusive, as those accounts are properly adjusted under the reorganization plan. The journal entries recording such investments shall be presented to the Commission for consideration and approval before being entered on the books.

(b) The carrier shall apply to the Commission for permission to use account 193, so far as it is adequate, for the adjustment of differences between amounts originally set up with respect to such investment items and the value of such items as finally determined; and earned surplus shall be affected only by losses and gains clearly attributable to operations subsequent to date of reorganization.

BALANCE-SHEET ACCOUNTS INVESTMENTS

§ 20.1 *Investment in carrier property*. This account shall include the cost to the carrier of physical property used in or held under a definite plan for pipe-line operations, in existence at the date of the balance-sheet statement. The carrier's records shall be so kept as to show the charges and credits to this account

classified in accordance with the accounts for investment in carrier property

NOTE A: This account shall not include any item representing titles to securities.

NOTE B: When any carrier property is acquired under agreement which provides that the cost shall be paid in installments, the cost (its money cost at time of purchase) shall be charged to the appropriate property-investment accounts at the time of its acquisition, and included in this account in the same manner as the cost of property purchased outright. When the par value of notes or other securities issued in payment, or in part payment, for such property is more or less than its actual cash value at the time of purchase, or of the proportion of the value to which the securities are applicable, the difference between the par value of the securities and the actual cash value of the property, or of the proportion of the value paid for by the securities, shall be charged or credited to the proper discount and premium account. (See § 20.0-26 *Discount and premium on capital stock*, and § 20.0-27 *Discount, premium, and expense on funded debt*.)

NOTE C: The carrier's investment in non-carrier property shall be included in account 5, "Miscellaneous physical property."

NOTE D: "Held under a definite plan for pipe-line operations" referred to above, implies the ability of the carrier to substantiate by plans or policy its characterization of the probable future use which is to be made of the property within a reasonable period of time.

§ 20.2 Cost of organization. This account shall include the cost of organizing and incorporating the company and the expense of issuing its capital stock.

Items

- Amounts paid for legal services.
- Amounts paid for privileges of incorporation.
- Fees and taxes for original capital-stock issues.
- Listing capital stock on exchanges.
- Office expenses incident to organizing and preparing the company for operation.
- Preparing, engraving, printing, and distributing prospectuses and certificates in connection with original and additional stock issues.
- Revenue stamps on original issues of capital stock.
- Special counsel and other fees and expenses in mergers, consolidations, and reorganizations.

NOTE A: Whenever all or any portion of an issue of capital stock is retired, the proportionate part of the amounts included in this account for expenses incurred in connection with such issue shall be retired.

NOTE B: When charges are made to this account for expenses incurred in mergers, consolidations, or reorganization, amounts previously included herein on the books of the various companies concerned should not be carried over unless it is clear that such

items involve no duplication when added to the new charges made or to be made.

§ 20.3 Operating oil supply. This account shall include the cost of oil owned by the carrier and used to maintain lines and storage tanks in condition for the transportation of commercial oil.

§ 20.4 Sinking funds. (a) This account shall include the amount of cash, the book cost of securities issued by other companies, and the par value of nominally issued and nominally outstanding securities issued or assumed by the carrier; and other assets which are held by trustees or by the carrier's treasurer in a distinct fund for the purpose of redeeming outstanding obligations.

(b) A separate account should be kept for each sinking fund under a title which shall designate the obligation in support of which the fund was created.

§ 20.5 Miscellaneous physical property. This account shall include the carrier's investment in physical property other than carrier property assignable to account 1, "Investment in carrier property," including hotels, restaurants, commercial power plants, etc., which are entirely distinct from carrier property and are not operated in connection with pipe-line service of the carrier.

Items

- Commercial power plants.
- Hotels and restaurants
- Lands and buildings not used in pipe-line service.
- Lands and property acquired and held in anticipation of an indefinite future use.
- Mineral and timber lands.
- Pipe-line material leased to others under long-term lease.
- Manufacturing plants, not in connection with pipe-line service.

§ 20.6 Investments in affiliated companies. (a) This account shall include the book value of the carrier's investment advances to affiliated companies, also of its investment in securities issued or assumed by such companies, such securities not being held in special deposits or in special funds.

(b) This account shall be subdivided:

- (1) Stocks.
- (2) Bonds.

(3) Notes, including herein not only notes that run longer than 2 years and all notes of affiliated companies held as investments, but also notes payable on demand or within 2 years from the date of issue when it is mutually understood

and intended that the notes shall not be enforced as current assets.

(4) **Advances.**

(c) The carrier's records shall be kept in such manner that the book value of securities pledged as collateral security for any of the carrier's funded debt or short-term loans and the ledger value of securities unpledged may be shown separately in the annual report to this Commission.

NOTE A: Accounts with affiliated companies which are subject to current settlements, such as charges for material and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B: The value of securities borrowed by the carrier and pledged shall not be included in this account.

NOTE C: The book value of securities pledged for purposes other than that of security for funded debt or short-term loans shall be included in account 12, "Special deposits" (when for 2 years or less), or 22, "Insurance and other funds," as may be appropriate.

§ 20.7 Other investments. (a) This account shall include the book value of carrier's investment in securities issued or assumed by nonaffiliated companies and individuals other than securities held in special funds (see Note C to this account); also its investment advances to such parties and special deposits of cash for more than 2 years from date of deposit.

(b) This account shall be subdivided:

(1) Stocks.

(2) Bonds.

(3) Notes, including herein not only notes that run longer than 2 years and all notes of nonaffiliated companies and of individuals held as investments, but also notes payable on demand or within 2 years from date of issue when it is mutually understood and intended that the notes shall not be enforced as current assets.

(4) **Advances.**

(5) **Miscellaneous** (including "special deposits" for more than 2 years from date of deposit).

(c) The carrier's records shall be kept in such manner that the ledger value of securities pledged as collateral security for any of the carrier's funded debt or short-term loans and the book value of securities unpledged may be shown separately in the annual report to this Commission.

NOTE A: Accounts with nonaffiliated companies which are subject to current settlements, such as charges for material and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B: The value of securities borrowed by the carrier and pledged shall not be included in this account.

NOTE C: The book value of securities pledged for purposes other than of security for funded debt or short-term loans shall be included in account 12, "Special deposits" (when for 2 years or less), or 22, "Insurance and other funds," as may be appropriate.

NOTE D: Working-fund advances to nonaffiliated companies other than those for investment shall be included in account 21, "Working-fund advances."

§ 20.8 Company securities owned. (a) This account shall include the book value of nominally issued and nominally outstanding securities issued or assumed by the carrier, other than such securities held in insurance or other special funds. (See § 20.0-24 *Company securities owned*.)

(b) This account shall be maintained to show:

(1) For stock:

(i) Par stock:

(a) Number of shares and total par value of shares unpledged.

(b) Number of shares and total par value of shares pledged.

(ii) Nonpar stock:

(a) Number of shares and any nominal value of shares unpledged.

(b) Number of shares and any nominal value of shares pledged.

(2) For funded debt:

(i) Total par value unpledged.

(ii) Total par value pledged.

CURRENT ASSETS

§ 20.9 Cash. (a) To this account shall be charged all cash received and to it shall be credited all cash actually paid out. The term "cash" includes metallic money, bank bills, legal tender, notes, checks, or other representatives of money.

(b) This account shall be so kept as to include in the balance of the account the actual amount in the carrier's general cash fund including the amounts held in its treasury, amounts deposited with banks and trust companies subject to check, and cash in transit from agents.

§ 20.10 Demand loans and deposits. This account shall include the amount of

demand loans fully secured by stocks, bonds, and other marketable collateral, and of deposits with banks and trust companies when such items are subject to collection on demand.

§ 20.11 Time drafts and deposits. This account shall include the amount of time drafts receivable and time deposits with banks and trust companies.

§ 20.12 Special deposits. This account shall include funds specially deposited (other than in sinking funds or deposits under mortgage provisions) for payment of dividends, interest, and other debts, when such payments are due 2 years or less from the date of deposit; also money and securities deposited to insure the performance of contracts to be performed within 2 years from the date of the deposit, and amounts placed in funds or deposited in banks for the payment of taxes assessed under the Social Security Act; and other deposits of a special nature not provided for elsewhere.

NOTE A: Special deposits due more than 2 years from date of deposit shall be included in account 6, "Investments in affiliated companies," or 7, "Other investments."

NOTE B: Securities pledged as collateral for the carrier's funded debt or short-term loans shall be included, in accordance with the character of the securities pledged in accounts 6, "Investments in affiliated companies;" 7, "Other investments;" or 8, "Company securities owned."

NOTE C: The balance sheet in the annual report to this Commission shall show in the first short column the balance in this account. This balance shall be divided to show in the second short column the par value of securities issued or assumed and to show the book value of other assets in the fund in the long column.

§ 20.13 Notes receivable. This account shall include the book value of all collectible obligations in the form of demand or time loans (see note B hereunder) and other similar evidences (except interest coupons) of money receivable within a time not exceeding 2 years from date of issue.

NOTE A: This account shall not include obligations any part of which shall mature more than 2 years after date of issue, obligations maturing serially any part of which matures more than 2 years after date of issue, or demand or short-term notes held as investments includible in account 6, "Investments in affiliated companies."

NOTE B: Demand loans fully secured by stocks, bonds, or other marketable collateral shall be included in account 10, "Demand loans and deposits."

§ 20.14 Agents' balances. This account shall include the net balance due in current accounts from agents and from other employees and representatives charged with the collection or custody of current revenue.

NOTE: Amounts advanced to general and special agents as working funds shall be included in account 21, "Working-fund advances."

§ 20.15 Revenue receivable. This account shall include the amount receivable from the transportation and storage of oil and oil products. This account shall be subdivided to show:

(a) Amount of local revenue receivable.

(b) Amount of joint revenue receivable from companies parties to joint tariffs.

§ 20.16 Accounts receivable. This account shall include the amounts billed against other companies, firms, and individuals which are considered to be collectible.

NOTE: The amounts receivable for the transportation and storage of oil and other products are includible in account 15, "Revenue receivable."

§ 20.17 Material and supplies. (a) This account shall include the balances representing the cost, less depreciation, if any, of all unapplied material and supplies, such as shop material, articles in process of manufacture by the carrier, fuel, and pipe-line supplies. In determining the cost of material and supplies suitable allowance shall be made for all discounts allowed in the purchase thereof.

(b) The costs chargeable to this account are the actual cash costs of the material and supplies at the point of free delivery plus any transportation charges paid for transporting the material from that point.

(c) Material recovered in connection with maintenance work or the demolishing of carrier property shall be charged to this account on the basis of its value as recovered. If the material is reconditioned the cost of reconditioning shall be added to the value of the material as recovered. When used or reused, the value of the material as carried in this account shall be credited hereto and charged to the account appropriate according to the purpose for which the material is used. When scrap material is sold at a higher or lower price than that at which it is included

in this account, so far as practicable, an appropriate adjustment shall be made in the accounts which were credited when the material was recovered and taken into the material and supply account.

(d) The cost of oil owned by the carrier other than that used to maintain lines and storage tanks in condition for the transportation of commercial oil provided for in account 3, "Operating oil supply," shall be included in this account.

NOTE A: Interest paid on material bills the payments of which are delayed shall be charged to account 417, "Interest on unfunded debt."

NOTE B: An annual inventory of material and supplies shall be taken and the necessary adjustment to bring this account into harmony with the actual inventory balances shall be made. In effecting this adjustment determined differences in accounting for important classes of material shall be equitably assigned among the accounts to which the classes of material are ordinarily chargeable. Other differences shall be equitably apportioned among the primary accounts to which material has been charged since the last inventory, except that inventory shortages on account of depreciation through obsolescence of material and supply stock shall be charged to account 73, "Operating reserves." (See also account 613, 663, 763, "Depreciation.")

NOTE C: The carrier is permitted to include in operating expenses at the time of purchase or issue from warehouse items of material small value, such as small hand tools, which are provided for maintenance purposes when the material is under the direct charge of the maintenance forces, if the quantity of the material is not of sufficient value to justify the expense of carrying the material under the supervision of storekeepers or warehousemen.

§ 20.18 Interest and dividends receivable. This account shall include the amount of interest accrued to the date of the balance sheet on bonds owned and on loans made, the amount of matured dividends receivable on stocks owned, and dividends accrued on such stocks when contracts require that the dividends be paid at stated times.

NOTE A: No amounts representing interest or dividends receivable shall be included in this account unless payments thereof are reasonably assured by past experience, guaranty, anticipated provisions, or otherwise.

NOTE B: No dividends or other returns on securities issued or assumed by the carrier shall be included in this account.

§ 20.19 Rents receivable. This account shall include unmatrued rents receivable accrued to the date of the balance sheet. It is not required that minor

rents shall be accounted for upon accrual basis.

§ 20.20 Other current assets. This account shall include current asset items that have not reached the stage of audited accounts and become classable in account 16, "Accounts receivable," and yet have been advanced beyond the state of accounts properly classable under deferred debits, such as estimates of unaudited current items which are credited to operating revenues, operating expenses, or income accounts in accordance with § 20.0-3 *Unaudited items*. It shall include items of current assets not in accounts 9 to 19, inclusive.

[12 F. R. 6527, as amended at 12 F. R. 8409]

DEFERRED DEBITS

§ 20.21 Working-fund advances. This account shall include amounts advanced to noncarrier companies, general and special agents, and to other officers and employees, as working funds from which certain expenditures are to be made and accounted for.

§ 20.22 Insurance and other funds. This account shall include the amount of cash, the book value of securities of other companies, and other assets which are in the hands of trustees or managers of insurance, employees' pension, savings, relief, hospital, and other funds which have been specifically set aside or invested for specific purposes not provided for elsewhere; also the par value of securities issued or assumed by the carrier and held in such funds. A separate account shall be kept for each fund.

NOTE A: The balance sheet in the annual report to this Commission shall show in the first short column the balance in this account. This balance shall be divided to show in the second short column the par value of securities issued or assumed and to show the ledger value of other assets in the fund in the long column.

NOTE B: This account shall not include funds held by the carrier solely as trustee and in which it has no beneficial interest.

§ 20.23 Rents and insurance premiums paid in advance. This account shall include the balance in the accounts representing prepaid rents chargeable to the appropriate rent accounts as the term expires for which the rents are paid; also insurance premiums paid in advance of their accrual except premiums chargeable to the carrier-property accounts and minor amounts which may be charged direct to the accounts. As the term expires for which the premiums are paid this account shall be credited at

monthly intervals and the appropriate accounts charged.

§ 20.24 *Taxes paid in advance.* This account shall include the amount of taxes paid in advance, except minor amounts which may be charged direct to the final accounts. As the term expires for which the taxes are paid, this account shall be credited and accounts 412, "Pipe-line taxes," 413, "Taxes on miscellaneous operating physical property," 414, "Miscellaneous taxes," or the carrier-property accounts, as appropriate, shall be charged.

§ 20.25 *Discount on capital stock.* This account shall include the total of the net debit balances in the discount accounts for the several subclasses of capital stock.

§ 20.26 *Discount on funded debt.* This account shall include the total of the net debit balances in the discount, expense, and premium accounts for the several subclasses of funded debt.

§ 20.27 *Extraordinary maintenance suspense.* (a) This account shall be charged with the service value of retired carrier property which has not been provided for by depreciation reserves and which if charged to these reserves would unduly deplete them. (See also account 614, 664, "Extraordinary retirements," and § 20.0-8 (f) *Depreciation accounting*.)

(b) Charges shall not be included in this account until permission of this Commission has been granted. The carrier's application to this Commission for such permission shall give full particulars concerning the property retired, the amount chargeable to operating expenses, and the period over which, in its judgment, the amount of such charges should be distributed.

§ 20.28 *Other deferred debits.* This account shall include the amount of debit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received, such as interest paid in advance; debit balances in clearing accounts, such as store expenses; unextinguished discount on short-term notes; and deferred debit items not provided for in accounts 21 to 27, inclusive, and other similar items.

[12 F. R. 6527, as amended at 12 F. R. 8409]

STOCK

§ 20.51 *Capital stock.* (a) This account shall include the book liability for

certificates which represent permanent interests in the company or interests which if terminable, are so only at the option of the company, as follows:

- (i) For actually outstanding stocks.
- (i) The par value of par stock.
- (ii) The current money value "at time of sale" of the consideration received for nonpar stock.

(iii) Appropriations of undistributed surplus which have been transferred to nonpar stock account.

(2) For nominally issued, and nominally outstanding stocks.

- (i) The par value of par stock.

(ii) Any nominal value assigned to nonpar stock.

(b) The amounts included herein shall be divided so as to show each class of stock issued, as follows:

(1) Common stock: Stocks which have no preference in distribution of dividends.

(2) Preferred stock: Stocks having preference in distribution of dividends.

(3) Debenture stock: Stocks issued under a contract to pay a specified return at specified intervals.

(c) Each of the foregoing classes shall also be divided into subclasses according to differences in dividend or interest rights, voting rights, or conditions under which the securities may be retired.

(d) When capital stock is retired or canceled, this account shall be charged with the amount at which such stock is carried therein.

(e) The book liability for nonpar stock reacquired shall be determined by a pro-ration of the proceeds realized from shares of the particular subclass of stock of which the shares reacquired are a part actually outstanding immediately prior to the acquisition plus any transfers of surplus to the particular stock reacquired. (See also account 8, "Company securities owned.")

NOTE: When a general levy or assessment is made against holders of par stock requiring the payment of any sum in addition to the consideration agreed upon at the time of sale, the amount collected upon such levy or assessment in connection with the stock shall be credited to the premium account for the class of stock on which the assessment is made. If such levy or assessment is made against the holders of nonpar stock, the amount collected shall be credited to the liability for such stock carried in this account.

§ 20.52 *Liability for conversion of stock.* This account shall include the carrier's liability under agreements to exchange its capital stock for the outstanding securities of companies whose physical property has been acquired under such agreements, but whose securities have not yet been surrendered for exchange.

NOTE: When prior to their actual conversion the securities for conversion still outstanding have been given all rights and privileges of capital stock of its own issue by regularly authorized official action of the carrier they shall be included in account 51, "Capital stock."

§ 20.53 *Premium on capital stock.* This account shall include the total of the net credit balances in the premium accounts for the several subclasses of capital stock.

§ 20.54 *Capital-stock installments.* (a) This account shall include amounts received on account of subscriptions to capital stock under an installment plan prior to the issuance of the stock.

(b) As the total amount of each subscription is received and stock certificates are issued, the amount of the subscription shall be transferred to account 51, "Capital stock," and, as may be appropriate, to account 25, "Discount on capital stock," or 53, "Premium on capital stock."

(c) In the carrier's reports to this Commission there shall be shown in the short column of the balance sheet, the total amount of the capital stock subscriptions which have not been fully paid or canceled, and also the total amount unpaid on such subscriptions.

LONG-TERM DEBT

§ 20.55 *Funded debt unmatured.* (a) This account shall include the total par value of unmatured debt, maturing more than 2 years from date of issue, issued by the carrier and not retired or canceled; and the total par value of similar unmatured debt of other companies, the payment of which has been assumed by the carrier.

(b) The amounts included in this account shall be divided so as to show the par value of:

(1) Certificates or other evidences of funded debt (pledged or unpledged) held in the carrier's treasury, by its agents or trustees, or otherwise subject to its control, including both those reacquired after actual issue and those nominally but not actually issued; and

(2) Certificates or other evidences of funded debt issued and actually outstanding, being those not held by the carrier, its agents, or trustees, or subject to its control.

(c) The amounts included herein shall be further divided so as to show the amount of each class of funded debt, as follows:

(1) *Mortgage bonds.* Bonds secured by lien on physical property and not includible in the other subdivisions of this account.

(2) *Collateral trust bonds.* Bonds and notes secured by a lien on securities or other negotiable paper, and stock trust certificates that are similar in character to collateral trust bonds.

(3) *Income bonds.* Bonds which are a lien on a carrier's revenue alone, or bonds which, while being a lien on its property and franchises, can claim payment of interest only in case interest is earned.

(4) *Miscellaneous obligations.* All funded obligations not provided for in other subdivisions of this account, also notes, unsecured certificates of indebtedness, debenture bonds, plain bonds, real-estate mortgages executed or assumed, and other similar obligations maturing more than 2 years after date of issue.

(5) *Receipts outstanding for funded debt.* Receipts for payments on account of funded debt. When certificates are issued for amounts so paid, the par value shall be included in the account covering the class of funded debt for which the certificates are issued.

(d) Each of the foregoing classes shall also be divided into subclasses according to differences in mortgage or other lien or security therefor, rate of interest, interest dates, or date of maturity.

NOTE A: Securities maturing 2 years or less from date of issue shall be included in account 57, "Nonnegotiable debt to affiliated companies," or 58, "Notes payable," except that where an issue of securities maturing serially over a period of more than 2 years contains short-term obligations, such obligations shall be included as funded debt. Matured funded debt shall be included in account 64, "Funded debt matured unpaid."

NOTE B: Nonnegotiable notes having a maturity of more than 2 years after date of issue, held by affiliated companies, shall be included in account 57, "Nonnegotiable debt to affiliated companies."

NOTE C: In the balance sheet the total unmatured funded debt included in the account shall be shown in the first short column. The amount nominally but not actu-

ally issued and the amount nominally outstanding shall be shown in the second short column, and in the long column shall be shown the amount actually outstanding.

§ 20.56 *Receivers' certificates.* When any receiver acting under the order of the court is in possession of the property of the carrier and under the orders of such court issues evidences of indebtedness chargeable upon such property the face value of such evidences of indebtedness shall be credited to this account.

§ 20.57 *Nonnegotiable debt to affiliated companies.* (a) This account shall include the par value of nonnegotiable notes issued to affiliated companies, credit balances in open accounts with such companies (other than credit balances in current accounts classable as current liabilities), and interest accrued on notes and open accounts included in this account, when such interest is not subject to current settlement.

(b) This account shall be subdivided:

(1) Notes, including herein not only nonnegotiable notes that run longer than a term of 2 years, but also such notes payable on demand or within 2 years from the date of issue when it is mutually agreed that the notes shall not be enforced as current assets by the holder.

(2) Open accounts, including advances, not subject to current settlement.

(3) Interest accrued on amounts included in this account when not subject to current settlement.

NOTE A: Accounts with affiliated companies which are subject to current settlement, such as charges for material and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B: No items shall be included in this account which are not known to be the property of an affiliated company.

CURRENT LIABILITIES

§ 20.58 *Notes payable.* (a) This account shall include the balances representing obligations outstanding in the form of notes, drafts, and other similar evidences (except interest coupons) of indebtedness payable on demand or within a time not exceeding 2 years from date of issue.

(b) This account shall be kept in such form that the amounts of notes, secured by collateral, payable within 2 years from date of issue, may be reported separately in the carrier's annual report to this Commission.

NOTE: This account shall not include obligations which mature more than 2 years after date of issue; obligations maturing serially, any part of which matures more than 2 years after date of issue; or demand or short-term notes issued to affiliated companies and includible in account 57, "Nonnegotiable debt to affiliated companies."

§ 20.59 *Joint revenue payable.* This account shall include the revenue from the transportation of oil and oil products which is payable to companies parties to joint tariffs.

§ 20.60 *Wages payable.* This account shall include the amount of audited pay rolls unpaid on the date of the balance sheet. It shall include also balances representing unclaimed wages.

§ 20.61 *Accounts payable.* This account shall include the amount of audited vouchers or accounts unpaid on the date of the balance sheet, outstanding drafts drawn by agents, deposits of affiliated companies subject to current settlement, amount of the employees' tax withheld, and other items of the nature of demand liabilities not covered by accounts 58, "Notes payable"; 59, "Joint revenue payable"; 60, "Wages payable"; 62, "Interest matured unpaid"; 63, "Dividends matured unpaid"; and 64, "Funded debt matured unpaid."

§ 20.62 *Interest matured unpaid.* (a) This account shall include the amount of matured and unpaid interest on loans and on funded debt and receivers' certificates, issued or assumed by the carrier.

(b) Interest which matures on the first day following the date of the balance sheet shall be included in this account.

NOTE: Interest matured unpaid on nonnegotiable debt to affiliated companies, if not subject to current settlement, shall be included in account 57, "Nonnegotiable debt to affiliated companies."

§ 20.63 *Dividends matured unpaid.* (a) This account shall include the amount of declared dividends due and payable on capital stock but unpaid, uncalled for, or unclaimed at the date of the balance sheet.

(b) Dividends which become payable on the first business day following the date of the balance sheet shall be included in this account.

§ 20.64 *Funded debt matured unpaid.* This account shall include the amount of funded debt and receivers' certificates matured and unpaid without any specific agreement for extension as to time of payment, including unpre-

sented bonds drawn for redemption through the operation of sinking and redemption-fund agreements.

§ 20.65 *Unmatured dividends declared.* This account shall include dividends declared on capital stock, but not payable until after the first business day following the date of the balance sheet.

§ 20.66 *Unmatured interest accrued.* This account shall include the amount of interest on loans and on funded debt and receivers' certificates issued or assumed, accrued to the date for which the balance sheet is made, but not payable until after the first business day following that date.

§ 20.67 *Unmatured rents accrued.* This account shall include rents, under leases or other agreements, accrued to the date for which the balance sheet is made, but not payable until after the first business day following that date. It shall include also the amount of accrued dividends on stock and accrued interest on the funded debt of other companies when such dividends and interest are payable by the carrier as all or a portion of the rent under leases or other agreements with those companies.

NOTE: Matured rents shall be included in account 69, "Other current liabilities," unless they have been vouchered and are therefore classable in account 61, "Accounts payable."

§ 20.68 *Taxes accrued.* This account shall include the amount of unpaid taxes accrued and chargeable to accounts 412, "Pipe-line taxes"; 413, "Taxes on miscellaneous operating physical property"; 414, "Miscellaneous taxes"; and to the carrier-property accounts, including the amount of the employers' tax assessed under the Social Security Act.

NOTE: Taxes paid in advance of the periods to which they apply shall be carried in account 24, "Taxes paid in advance."

§ 20.69 *Other current liabilities.* This account shall include current liability items which have not yet reached the stage of audited accounts and become classable under accounts payable and yet have advanced beyond the stage of accounts properly classable under Deferred Credits and Reserves, such as estimates of unaudited current items (other than the liability for casualties) which are charged to operating revenue, operating expense, or income accounts in accordance with § 20.0-3 *Unaudited items*; and retained percentages due to contractors to be paid upon completion of contract.

NOTE: Estimated liability for injuries to persons and for loss and damage claims shall be included in account 73, "Operating reserves."

[12 F. R. 6527, as amended at 12 F. R. 8409]

DEFERRED CREDITS AND RESERVES

§ 20.70 *Liability for provident funds.* (a) This account shall include the amounts contributed by employees or others (whether carried in special trust funds or in general funds of the carrier) for pensions, accident and death benefits, savings, relief, hospital, and other provident purposes, when administered by trustees or managers acting for the carrier.

(b) This account shall include also the amount accrued for pensions through charges to account 635, 685, 785, "Relief and pensions." Amounts so credited shall, when actually paid to retired employees or paid into a trust fund irrevocably devoted to the payment of pensions, be charged hereto.

§ 20.71 *Premium on funded debt.* This account shall include the total of the net credit balances in the discount, expense, and premium accounts for the several subclasses of funded debt.

§ 20.72 *Insurance reserve.* (a) In case the carrier elects to carry its own risks for losses through accident, fire, flood, or other cause and provides a reserve, other than provision made in the depreciation reserve, to equalize anticipated losses, the charges to account 638, 688, 788, "Insurance," and other appropriate accounts to cover such risks shall be credited to this account. Such charges and credits shall be upon the basis of rates which fairly cover the risks insured. These rates should be determined according to the carrier's experience and best estimate as to the hazard covered. A schedule of risks covered by this reserve shall be maintained giving a description of the property or the character of the risks covered.

(b) If the carrier reinsures with insurance companies risks initially covered in this account, the premiums for such reinsurance shall be charged hereto and the amounts recovered under such commercial insurance shall be credited hereto.

(c) To the extent that losses and damages sustained are covered by this account, an amount equal thereto shall be charged to this account and credited to the accounts appropriate for the losses and damages sustained.

NOTE: All losses and damages sustained, including those covered by commercial insurance or by this account, shall be charged in the first instance to the depreciation reserve, carrier-property, repair, injuries to persons, loss and damage, or other appropriate account according to the character of the loss. Insurance recoverable, or chargeable to this account on account of losses and damages sustained, shall be credited to the account to which the losses and damages are chargeable.

§ 20.73 *Operating reserves.* (a) This account shall include ledger balances representing reserves created by charges to operating expenses for the maintenance of carrier property, personal injuries, injuries and damages, and other claims, such charges being made currently for the purpose of equalizing the charges to operating-expense accounts for the current accounting year. (See § 20.0-79 *Equalization of expenses.*)

(b) It shall also include amounts charged to account 613, 663, 763, "Depreciation," to cover losses through obsolescence of operating-material stock. (See also account 17, "Material and supplies.")

The carrier shall adjust through the appropriate operating expense accounts the balances in this account at the close of the year, except that the estimated amount of claims to be liquidated in the future shall be carried until payment is made and provisions for losses from obsolescence of material stock which shall be cleared as the losses are realized. A separate record shall be kept of operating-reserve accounts for each year.

NOTE A: The credit balances in reserve accounts representing appropriations of income or surplus for sinking funds, etc., shall not be included in this account.

NOTE B: Accrued depreciation credit balances shall be included in accounts 74 or 76, as may be appropriate.

§ 20.74 *Accrued depreciation; carrier property.* (a) To this account shall be credited amounts charged to account 613, 663, 763, "Depreciation," investment in carrier-property, clearing, and other accounts to cover the loss in service value of depreciable carrier property. It shall be credited also with any amounts which the carrier may be authorized to charge to account 424, "Delayed income debits," in respect of past accrued depreciation not provided for.

(b) At the time of retirement of depreciable carrier property this account shall be charged with its service value and to it shall be credited the insurance recovered, if any. It shall be credited with amounts chargeable to account 27,

"Extraordinary maintenance suspense," or to account 312, "Debits from retired carrier property," and charged with amounts creditable to account 302, "Credits from retired carrier property," as provided in § 20.0-8 (g) *Depreciation accounting.*

(c) For corporate ledger and balance-sheet purposes, this account shall be regarded and treated as a single composite reserve. However, for purposes of analysis, the carrier shall maintain subsidiary records in which the depreciation reserve is broken down into component parts corresponding to the primary pipeline accounts which include depreciable carrier property; these subsidiary records shall show the current credits and debits in the reserve in complete detail by such primary pipe-line accounts.

(d) Note text of account 75, "Amortization reserve."

[12 F. R. 6527, as amended at 12 F. R. 8409]

§ 20.75 *Amortization reserve.* (a) This account shall be credited with amounts concurrently charged to account 613, 663, 763, "Depreciation," when the carrier is authorized by the Commission to provide a reserve to extinguish amounts carried in account 1, "Investment in carrier property," relating to probable abandonment of carrier property due to exhaustion of particular sources of traffic, the date of which can be predicted with a reasonable approach to accuracy. In the event a change from depreciation accounting to amortization accounting is authorized by the Commission the balance in account 74, "Accrued depreciation—Carrier property," shall be transferred to this account. It is not required that balances in this reserve shall be broken down into component parts corresponding to the primary investment accounts. This account shall be charged at the time of retirement with the service value of property retired for which the carrier has accrued amortization.

(b) This account shall also be credited with amounts concurrently charged to account 314, "Miscellaneous debits," to provide for the retirement of amounts included in account 2, "Cost of organization," or 193, "Acquisition adjustment." When amounts are written out of these latter accounts, this account shall be charged with the balance carried therein with respect to such items.

§ 20.76 *Accrued depreciation; miscellaneous physical property.* (a) To this account shall be credited amounts

charged to account 403, "Income from miscellaneous operating physical property," or account 404, "Income from miscellaneous nonoperating physical property," to cover the loss in service value of miscellaneous physical property. It shall also be credited with any amounts which the carrier may under authority of this Commission charge to account 424, "Delayed income debits," in respect of past accrued depreciation not provided for.

(b) At the time of retirement of depreciable miscellaneous physical property this account shall be charged with the service value of the property retired and shall be credited with the insurance recovered, if any.

[12 F. R. 6527, as amended at 12 F. R. 8409]

§ 20.78 Other deferred credits. (a) This account shall include the amount of all deferred credits not includible in accounts 70 to 76, inclusive, such as installments of assessments for public improvements deferred with or without option to the carrier by the taxing authority; working fund advances from other companies; deposits (subject to refund) by employees to assure the return of company property such as keys, lanterns, etc.; credit balances in clearing accounts.

(b) This account shall include also the amounts of credit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received, such as accident repairs not completed; uncompleted accounts for property retired; fire loss; and other analogous items.

[12 F. R. 6527, as amended at 12 F. R. 8409]

§ 20.79 Reserve for adjustment of investment in securities. (a) This account shall include the total of the balances in reserves maintained by the accounting company for the purpose of providing for reductions in the values of securities owned. Corresponding charges shall be made to account 314, "Miscellaneous debits."

(b) When such securities are written down, written off, or disposed of, this account shall be charged with amounts credited hereto with respect to the securities involved. If so authorized by the Commission recoveries in value of such securities not in excess of the reserve balance applicable thereto may be eliminated by credit to account 304, "Miscellaneous credits."

CORPORATE SURPLUS

§ 20.80 Unearned surplus. (a) This account shall include all surplus not

classified as earned surplus. It shall include credits from reductions of the par or recorded value of the accounting company's capital stock; surplus arising from donations by the accounting company's stockholders; gains from acquisition, retirement, or resale of reacquired shares of the accounting company's capital stock and by forgiveness of debt of the accounting company.

(b) This account shall be maintained in such manner as to permit a ready analysis of the charges and credits thereto.

§ 20.81 Appropriated earned surplus.

(a) This account shall include the total of the net balances of appropriation of income and earned surplus for the acquisition of capital assets, the retirement of debt, sinking and redemption funds, and all other appropriations specifically set aside in the hands of trustees, as well as appropriations for which no specific investment or segregation of assets has been made. It shall also include accretions to the assets held in the special funds.

(b) A subdivision of this account shall be maintained by classes of appropriations, the titles of which shall indicate the purpose for which the appropriations were made.

§ 20.82 Earned surplus. (a) This account shall include the net balance (debit or credit) of the amounts included in accounts 301 to 317, inclusive. It shall not include transfers either to or from account 80, "Unearned surplus," unless so authorized upon application to the Commission.

(b) The balance of accounts (301 to 317, inclusive) shall be closed into this account at the end of each calendar year.

CARRIER PROPERTY INSTRUCTIONS

§ 20.0-31 Purpose of carrier-property accounts. (a) The carrier-property accounts (101 to 193, inclusive) are designed to show the book costs of carrier property owned by the carrier.

(b) The balances to be stated in these accounts as of January 1, 1935, shall be as provided in § 20.0-32 *Statement of carrier-property accounts*. Subsequent entries shall be as provided by the remaining instructions for carrier-property.

(c) For the purpose of this system of accounts the classification of property as between carrier and noncarrier shall

be consistent with the classification of property for valuation purposes, except that when the dominant use of carrier property is for pipe-line operations it is not contemplated that either the cost of parts not used for carrier purposes or rented to others shall be excluded from account 1, "Investment in carrier property."

§ 20.0-32 Statement of carrier-property accounts. (a) For accounting analysis purposes on and after January 1, 1935, the property in service on that date shall be classified in accordance with the texts of the primary carrier-property accounts. The costs of the property as stated in the accounts prior to that date shall be included at the book cost thereof in these accounts.

(b) As of January 1, 1935, there shall be included in primary account 191, "Construction work in progress," the expenditures for construction projects uncompleted as of that date.

(c) The difference, if any, between the total of the amounts included in the primary accounts under paragraphs (a) and (b), and the amount of the carrier's investment as of December 31, 1934, as shown in account 1, "Investment in carrier property," shall be included in account 192, "Unadjusted investments."

NOTE: In the assignment (provided in the foregoing) of the book cost of property to the primary accounts there shall be included an equitable proportion of the cost of engineering and interest during construction relating to each class of property.

§ 20.0-33 Basis of charges. Except as provided in the foregoing instructions the costs includible in account 1, "Investment in carrier property," shall be money costs to the carrier. When the consideration for the acquisition of carrier property is other than cash the value of such consideration shall be determined on a current cash basis. The carrier shall be prepared to furnish this Commission the particulars of its determination of the actual cash value of the consideration, if other than money.

§ 20.0-34 Pipe-line operating property purchased. (a) When property that will be used in pipe-line operations is purchased, such property shall be charged to account 1, "Investment in carrier property," at the purchase price in accordance with **§ 20.0-35 Items to be charged**, except that where the purchase price exceeds \$25,000 but is less than the original cost the carrier may charge the original cost of the property as carried

in the accounts of the vendor to account 1, "Investment in carrier property," in which case the excess of original cost over purchase price shall be credited to the depreciation reserve. Where the purchase price exceeds \$25,000 and is less than the original cost and the accounting carrier elects to classify the property on the basis of purchase price, it shall after completing the studies necessary, distribute such purchase price among the appropriate primary carrier property accounts other than accounts 192 and 193, on the basis of an approximation or reasonable estimate of the values of the related property.

(b) Where the purchase price exceeds \$25,000 and also exceeds the original cost the charges to primary carrier property accounts other than accounts 192 and 193 shall in no case exceed the original cost of the property acquired. In such cases the difference between the sum of the amounts includible in the primary carrier property accounts and the purchase price shall be included in account 193, "Acquisition adjustment."

(c) When the purchase price of pipe-line property does not exceed \$25,000 the property shall be charged to the appropriate primary carrier property accounts other than accounts 192 and 193 at the price paid for the property.

(d) Tentative journal entries recording the purchase of pipe-line property at a cost in excess of \$25,000 shall be presented to the Commission for consideration and approval. The text of such entries shall give a complete description of the property purchased and the basis upon which the amounts of the entries have been determined.

§ 20.0-35 Items to be charged. To these accounts shall be charged the cost of all carrier property acquired, including property purchased, other than as provided for in **§ 20.0-34 Pipe-line operating property purchased**, property constructed by or for the carrier (including units of property replacing property retired), improvements to the existing property, and all property transferred from noncarrier to carrier use.

NOTE: The cost of hand tools or other individual items of short life and small value (i. e., the cost of each is less than \$25), when not acquired under a general plan, shall be charged to operating expenses, if, in the judgment of the carrier, the acquisition of the property does not affect the condition and value of its property for valuation or depreciation purposes. The carrier is permitted to adopt for the purpose of its accounting a limit of less than aforesaid \$25,

provided it first files with this Commission the maximum amount which it proposes to adopt and makes no subsequent change in this amount except by authority of this Commission.

§ 20.0-36 *Cost of construction.* The cost of the construction of property chargeable to the carrier-property primary accounts shall include the cost of labor, material and supplies, special machine service, transportation, contract work, protection, injuries and damages, cost of privileges and permits, taxes, rent, interest during construction, and other analogous elements in connection with such work, including costs for preliminary work such as sinking test holes or making soundings for buildings and other structures.

The several items of cost here referred to are defined as follows:

(a) "Cost of labor" includes the amount paid for labor performed by the carrier's own employees. The salaries and expenses of engineers and other officers specifically assigned to construction work shall be included in the accounts appropriate for the cost of the property in connection with which their services are rendered. No charge shall be made to these accounts for the pay of operating officers and members of their staffs who merely render service incidentally in connection with construction work.

NOTE: The office and traveling and other personal expenses of officers and employees shall be included in the accounts to which their pay is chargeable, except that traveling and incidental expenses incurred by operating officers and members of their staffs while rendering service incidentally in connection with construction work shall be included in the cost of the work upon which they are incidentally engaged.

(b) "Cost of material and supplies," including small tools, includes the purchase price at the point of free delivery, plus the costs of inspection and loading borne by the carrier, also a suitable proportion of store expenses; it includes also freight charges paid other carriers. In calculating the cost of material used, proper allowance shall be made for the value of unused portions and other salvage; for the value of the material recovered from temporary scaffolding, cofferdams, and other temporary structures used in construction; and for the value of small tools recovered and used for other purposes.

(c) "Special machine service" includes:

(1) The cost of labor expended and materials and supplies consumed in operating vehicles, steam shovels, ditching machines, pile drivers, and other machines used in construction work.

(2) The cost of repairs to such machines incident to construction work.

(3) Rent paid for the use of machines or others.

(4) When machines are purchased primarily for a construction project their cost shall be charged to account 191, "Construction work in progress." Upon completion of the construction project account 191, "Construction work in progress," shall be credited with the amount received for the machines if sold or the appraised value thereof if retained for operation in the carrier's service. This appraised value shall be included in the proper carrier-property accounts. The difference between the amount charged to account 191, "Construction work in progress," and the credit thereto as above indicated, shall be charged to the carrier-property accounts appropriate according to the use of the machines in construction service.

NOTE: The cost of repairs of vehicles and other work equipment and of machine tools and machinery which are used both in construction and maintenance work shall be apportioned equitably to the work in connection with which the equipment is used. (See text of clearing accounts 801 and 804.)

(d) "Cost of transportation" includes the amounts paid to other companies or individuals for the transportation of men, material and supplies, special machine outfits, appliances, and tools in connection with construction and also the cost of teaming work done by the carrier's own forces and facilities. The cost of the transportation of construction material to the point where material is received by the carrier shall be included, so far as practicable, as a part of the cost of such material.

(e) "Cost of contract work" includes amounts paid for construction work performed under contract by other companies, firms, or individuals, and costs incident to the award of the contract.

(f) "Cost of protection" includes expenditures for protection in connection with construction.

(1) From casualties, including the cost of protection against fire, payments for discovery or extinguishment of fires, cost of detecting incendiaries, witness fees in relation thereto, amounts paid to munic-

ipal corporations and others for fire protection, and analogous items.

(2) From damages to others, in protecting their property from damage through the processes of construction work, and analogous items.

(g) "Cost of injuries and damages" includes expenditures on account of injuries to persons or damage to property when incident to construction projects, and shall be included in the cost of the work in connection with which the injury or damage occurs. It also includes that portion of premiums paid for insuring property applicable to the period prior to the completion or coming into service of the property insured. Insurance recovered on account of compensation paid for injuries to persons incident to construction shall be credited to the accounts to which such compensation is charged, and insurance recovered on account of damages to property incident to construction shall be credited to the accounts chargeable with the expenditures necessary for restoring the damaged property. The cost of injuries and damages in connection with the removal of old structures which are encumbrances on newly acquired lands shall be included in account 101, 151, 171, "Land."

(h) "Cost of privileges and permits" includes compensation for temporary privileges, such as the use of private or public property or of streets, in connection with the construction of the property of the carrier.

(i) "Taxes" includes taxes on physical property during construction and before the facilities are completed ready for service. This includes taxes on land held under a definite plan for its use in pipeline service for the period prior to the completion of pipe-line facilities thereon and other taxes separately assessed on property during construction, or assessed under conditions which permit separate identification or allocation of the amount chargeable to construction.

(j) "Rent" includes payments for use of facilities, such as motor vehicles, special tools or machines, and quarters used in construction work.

(k) "Interest during construction" includes the amounts of interest incurred in the acquisition of carrier property. Such interest shall be charged to the accounts appropriate for the cost of the property in connection with acquirement of which the interest is incurred. The interest includible in these accounts under this instruction is:

(1) Interest on bonds, notes, and other evidences of indebtedness sold, and upon any interest-bearing debt incurred for the acquisition of carrier property. It includes the interest accruing on the part of the debt representing the cost of carrier property acquired (less interest, if any, allowed by depositories on unexpended balances) after such funds become available for use and before the receipt or the completion or coming into service of the property so acquired.

There shall be deducted from such interest charges a proportion of premium on securities sold. The amount of premium thus deductible shall be determined by the ratio which the period between the date the proceeds from the securities issued become available and the receipt, completion, or coming into service of the property bears to the entire life of the securities issued. Interest on bonds, notes, or other evidences of indebtedness accruing before the proceeds from the sale of the securities become available for use shall not be included in these accounts nor shall there be included any interest accruing after the property (with respect to which the proceeds are expended) is received or becomes available for use in connection with pipe-line service.

(2) The proportion of discount and expense on funded debt issued for the acquisition or construction of carrier property. The amount of discount and expense thus chargeable shall be determined by the ratio which the period between the date the proceeds from the securities issued become available and the receipt, completion, or coming into service of the property bears to the entire life of the securities issued. In no case, except as provided in this paragraph, shall discounts on securities be included in these accounts.

(3) On expenditures made for a construction project that has been suspended, no interest charges from the date of suspension shall be included in the carrier property accounts unless authorized by the Commission.

(l) The cost of disposing of material excavated, including the privilege of wasting in connection with construction, shall be considered as a part of the cost of the work, except that when such material is used for filling, the cost of loading, hauling, and dumping shall be equitably apportioned between the work in connection with which the material is removed and that for which it is used.

§ 20.0-37 *Units of carrier property.* The "units of property" established at the date of issuance of this system of accounts are listed in Appendix A of this part and additions to or revisions of this list will be issued, when necessary, by this Commission, to which any applications for such additions or revisions shall be presented by the carrier.

§ 20.0-38 *Retirements and replacements.* (a) To accounts 101 to 186, inclusive, shall be credited at the time of retirement the book cost of carrier property retired as follows:

(1) Land retired including the proportional cost of public improvements pertaining to the land.

(2) Units of depreciable carrier property retired.

(3) Minor items of depreciable carrier property retired and not replaced or replaced with other parts of a different type or design than those which are retired rendering the property more or less durable or of greater or less capacity.

NOTE: If the book cost of units and minor items of property retired cannot be definitely determined from the carrier's records, the book cost of such units and minor items shall be estimated. Average prices may be used in estimating the book cost when it is impractical, because of the relatively large number and small size of items, to otherwise determine the book cost of such items.

(b) The amounts thus credited to these accounts (101 to 186, inclusive) shall concurrently be charged as follows:

(1) *Value of salvage.* The value of the salvage from the retired property shall be charged to account 17, "Material and supplies," or other accounts appropriate according to the disposition made thereof. In case retired property is held without being torn down the estimated value of the salvage therefrom (see also account 17, "Material and supplies") less the estimated cost of salvaging shall be included in account 28, "Other deferred debits," until the salvage is recovered.

(2) *Service value of depreciable property.* Units of property: The service value shall be charged to account 74, "Accrued depreciation; carrier property."

Minor items: There shall be charged to account 74, "Accrued depreciation; carrier property," the service value of any minor item which is retired and not replaced or if replaced with an item of different type or design or constructed of a different grade of material rendering the part applied more or less durable or

of greater or less capacity than the item retired.

NOTE: In case a minor item of property is retired and replaced with an item of different type or design, the cost of the replacement shall be charged to operating expenses if the retirement is not under a general plan, the cost involved is small, and in the judgment of the carrier the retirement and replacement does not affect the condition and value of its property for valuation or depreciation purposes.

(3) *Land.* If the land is sold the difference between the book cost (including the proportionate cost of assessments for public improvements) and the sale price of the land, shall be debited to account 312, "Debits from retired carrier property," or credited to account 302, "Credits from retired carrier property," as may be appropriate. If the land is retained by the carrier, the aforesaid book cost and proportionate cost of assessments shall be charged to account 5, "Miscellaneous physical property."

(c) *The cost of removal:* The cost of tearing down retired property (including the cost of removing foundations and filling excavations of structures removed) and recovering the salvage shall be charged to account 74, "Accrued depreciation; carrier property," except that the current cost of removing and replacing line pipe and fittings in maintenance shall be included in accounts 602, 652, 752, "Repairs of pipe lines."

NOTE: The book cost of pipe-line construction applicable to a unit of oil-line pipe retired shall be credited to accounts 105, 155, and charged to account 74.

If the retired oil-line pipe is replaced with other pipe in the same location, the cost of opening and back-filling the trench, together with the cost of hauling, laying, and connecting the pipe, and other cost of pipe-line construction, shall be charged to accounts 105, 155. The cost of taking out the retired pipe shall be accounted for as cost of recovering the salvage. The cost of reconditioning of oil-line pipe shall be accounted for as repairs and not as retirements and replacements.

If the retired oil-line pipe is not replaced in the same location, the cost of opening and back-filling the trench from which the pipe is taken, together with the cost of taking out the pipe, shall be accounted for as cost of recovering the salvage.

(d) *Property installed:* The cost of carrier property installed in lieu of carrier property accounted for as retired, under the foregoing sections of this instruction, shall be charged to the appropriate carrier-property account.

§ 20.0-39 *Relocations.* Where a pipe line is relocated, the same size of oil-line pipe being used, and the relocated line continues to serve the same lease or purpose, the cost of the relocation, regardless of whether or not a unit of line pipe is involved, shall be charged to account 602, 652, and no adjustment shall be made of property accounts except to the extent that the pipe line is shortened or lengthened.

NOTE: Where a pipe line is abandoned it shall be accounted for as retired in accordance with § 20.0-38 *Retirements and replacements.*

CARRIER-PROPERTY ACCOUNTS

§ 20.100 *Text pertaining to carrier-property accounts.* Separate primary accounts are prescribed for carrier property in gathering lines, in trunk lines, and for such property as is used generally for both gathering and trunk lines. To establish at a glance that the accounting requirements are the same for the same kind of property in each of the three groupings, a single text is provided hereinafter for the two (or three) primary account numbers having identical titles, as indicated by the following table:

Account No.			Account title
Gathering lines	Trunk lines	General	
101	151	171	Land.
102	152	-----	Rights-of-way.
103	153	-----	Line pipe.
104	154	-----	Line-pipe fittings.
105	155	-----	Pipe-line construction.
106	156	176	Buildings.
107	157	-----	Bollers.
108	158	-----	Pumping equipment.
109	159	179	Machine tools and machinery.
110	160	-----	Other station equipment.
111	161	-----	Oil tanks.
112	162	-----	Delivery facilities.
113	163	183	Communication systems.
114	164	184	Office furniture and equipment.
115	165	185	Vehicles and other work equipment.
116	166	186	Other property.
-----	-----	191	Construction work in progress.
-----	-----	192	Unadjusted investments.
-----	-----	193	Acquisition adjustment.

The several primary accounts included in this group of accounts are designed to show the cost of land, rights-of-way, assessments for the construction of public improvements, fixed improvements, and equipment owned by the carrier and devoted to pipe-line operations.

GATHERING LINES

§ 20.101 *Land.* (a) This account shall include the cost of land of necessary

width, held in fee simple, acquired for pipe lines; the cost of land for storage, station, office, shop, and other grounds; the cost of land for ingress to or egress from such grounds; the cost of land for borrow pits, waste banks, and for storage of material adjoining the right-of-way; the cost of land for wharves and docks, and the cost of riparian or water rights necessary therefor; the cost of removing from the right-of-way and locating elsewhere the property of others, and the cost of necessary land for relocation of the property, when such costs are assumed by the accounting carrier.

(b) When land, together with buildings thereon, is acquired the cost shall be fairly apportioned between the land and the buildings and accounted for accordingly. If the plan of acquisition contemplates the removal of the buildings, the total cost of the land and buildings shall be accounted for as the cost of the land and the value of the salvage of the buildings when disposed of shall be deducted from the cost of the land as determined.

(c) Proceeds from the sale of timber or other improvements purchased with land, less any cost of removal, shall be credited to this account.

(d) Proceeds from the sale of minerals known to be in the land when purchased and considered in the purchase price thereof shall be credited to this account.

(e) The cost of filling submerged or low land to establish a general level to render it usable for construction of fixed improvements or other use shall be included in this account.

(f) The amounts assessed on pipe-line property by governmental authority to cover the cost of constructing public improvements when such assessments are made against property within the defined areas of taxing districts and also cost borne by the carrier of public improvements constructed by it under governmental requirements shall be included in this account.

(g) The cost of clearing, filling, and leveling land incurred in advance of the construction of facilities thereon, and directly related to land owned outright, shall be included in this account.

Items

Abstracts.

Appraisals.

Commissions and fees to brokers, agents, and others.

Compensation and expenses of land agents when specifically assigned to land but not arbitrary apportionments for incidental services.

Condemnation expenses, including court costs and special counsel fees; also fees of commissioners appointed by the court to assess damages in condemnation proceedings.

Cost, including agreed settlements, judgments, witness fees, and decreed court costs in proceedings to clear or defend titles against defects antedating the carrier's acquisition of property.

Costs of making changes in or relocating property of others, when borne by the carrier in order to secure permanent rights to locations, the cost of which is includible in this account; also the cost of securing sites for such relocations.

Cost of securing less restricted use of land, whether payments to others for relinquishment of rights or losses sustained in property trades entered into solely to secure relief from such obligations.

Ditches for waterways when part of consideration.

Lump-sum payments for right to use in perpetuity or for a period of years public property for carrier service. Such amounts paid for the right to use for a period of years only shall be amortized through account 412, "Pipe-line taxes."

Notarial fees.

Payments to vendors to secure release from restrictive provisions of original deeds.

Plats.

Premiums on condemnation bonds.

Recording deeds.

Removal and relocation of buildings and other structures not purchased.

Taxes and assessments for public improvements accrued and assumed at time of purchase.

Taxes on land during the construction period.

NOTE A: When the acquisition of land for carrier service involves also the purchase of land not to be used for such purposes, the charges to this account shall be based upon the estimated cost at date of acquisition of only that portion which is used for carrier service. The estimated value of that portion which is not or will not in the near future be so used shall be included in account 5, "Miscellaneous physical property." When such land is practically worthless, it shall be included in the account at a nominal value for record purposes.

NOTE B: Payments for options and of interest on options and on contracts to purchase land which it is proposed to use in contemplated construction projects shall be carried in account 28, "Other deferred debits," pending determination as to whether to proceed with the project. If it be decided to proceed with the project, the balance in account 28 shall be cleared therefrom and charged to account 191, "Construction work in progress"; if not, the amount lost, including interest, if any, shall be charged to account 314, "Miscellaneous debits."

NOTE C: The net proceeds from the sale of minerals and timber in excess of the amount considered therefor in the purchase price of

the land shall be credited to account 304, "Miscellaneous credits."

NOTE D: When land has been purchased for a proposed pipe-line operation project and the project has been indefinitely postponed before construction work is begun, the cost of the property shall be transferred to account 5, "Miscellaneous physical property," sufficient details being included in the entry to permit the classification of the various items of cost in case the project is later pursued. The cost of the work which has been done shall be included in account 28, "Other deferred debits," until a decision shall have been reached as to execution or abandonment of the project. If it be determined to continue the work the cost of the land and the work which has been done shall be transferred to account 191, "Construction work in progress." If the project be abandoned the cost of the work which has been done shall be charged to account 314, "Miscellaneous debits."

NOTE E: Annual or more frequent payments for the use of land shall be charged to the account appropriate for the rents.

NOTE F: When land is acquired for which there is not a definite plan for its use in pipe-line operation service, the cost shall be charged to account 5, "Miscellaneous physical property."

NOTE G: In case land is purchased under a definite plan for its use in a construction project, its cost shall be included in account 191, "Construction work in progress," until such time as the project involved is completed ready for service.

NOTE H: The cost of clearing, leveling or grading land, both before and after the construction of facilities thereon, but directly related to such facilities, shall be included in the accounts provided for the cost of the facilities constructed.

§ 20.102 Rights-of-way. This account shall include amounts paid for rights-of-way; also expenses in connection with obtaining such rights-of-way. It shall also include the cost of clearing, filling, and leveling right-of-way, over which the carrier has been granted an easement or which is held under perpetual lease, in advance of the construction of facilities thereon.

NOTE A: The cost of land owned in fee simple, used as right-of-way, is provided for in account 101, 151, 171, "Land."

NOTE B: Periodical rents paid for use of right-of-way shall be charged to account 640, 690, 790, "Operating rents."

NOTE C: The cost of clearing, leveling, or grading right-of-way, both before and after the construction of facilities thereon, but directly related to such facilities, shall be included in the accounts provided for the cost of the facilities constructed.

§ 20.103 Line pipe. This account shall include the costs of oil-line pipe laid in the construction of oil-pipe lines, including oil-line pipe laid between pumping-

station manifolds and oil storage tanks, also oil-line pipe extending into scraper pits.

NOTE: The cost of teaming and laying oil-line pipe is provided for in account 105, 155, "Pipe-line construction."

§ 20.104 Line-pipe fittings. This account shall include the cost of pipe fittings laid in construction of oil-pipe lines.

NOTE: The cost of teaming and laying pipe fittings in oil lines is provided for in account 105, 155, "Pipe-line construction."

§ 20.105 Pipe-line construction. (a) This account shall include all costs of constructing oil-pipe lines, except the cost of pipe and pipe fittings provided for in account 103, 153, "Line pipe," and account 104, 154, "Line pipe fittings."

(b) It includes items used in the protection of oil-pipe lines applied directly to or around the pipe, such as casing pipe and vent lines, concrete, bituminous coatings, etc., and teaming and labor expended in excavating, connecting up pipe lines and back filling. It also includes the construction of scraper and other pipe line pits which do not include an above-ground building and the damages to crops and timber and other damages incident to construction of pipe lines.

NOTE A: If a project involving the construction of scraper or other pipe line pits, includes an above-ground building, the cost of constructing the pit and building, including material and labor, shall be charged to account 106, 156, 176, "Buildings." In the construction of such pits, whether or not they include an above-ground building, the cost of the line pipe extending into the pit shall be included in account 103, 153, "Line pipe," the cost of the fittings shall be included in account 104, 154, "Line-pipe fittings," and the labor installing the pipe and fittings shall be included in this account. (For station manifolds see account 110, 160.)

NOTE B: The cost of reopening the trench and backfilling subsequent to original construction, for the purpose of applying protection and casing shall be charged to account 602, 652, 752, "Repairs of pipe lines."

§ 20.106 Buildings. This account shall include the cost of buildings, including foundations, fixtures, and appurtenances, other than those the cost of which is chargeable to account 112, 162, "Delivery facilities." Where the construction of scraper or other pipe line pits, includes an above-ground building, this account shall also include the cost of constructing the pit and the building including material and labor. (See account 105, 155.)

NOTE A: The cost of foundations special to boilers, engines, and pumps, and machine

tools and machinery shall be included in the cost of such machinery and apparatus.

NOTE B: The cost of grading and preparing grounds both before and after the construction of buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after repair work shall be included in the appropriate operating-expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

§ 20.107 Boilers. This account shall include the cost of boilers, including accessories and attachments such as injectors, water gages, steam gages and fittings, and the cost of special boiler foundations and installations.

NOTE A: The cost of foundations other than those special to particular boilers shall be included in the cost of the building, and not in this account.

NOTE B: The cost of boilers for use in connection with delivery facilities shall be included in account 112, 162, "Delivery facilities." The cost of boilers used for heating purposes shall be included in the cost of the building in which located.

§ 20.108 Pumping equipment. This account shall include the cost of engines, motors, pumps, and all other pumping equipment, and the cost of special foundations and installation.

NOTE A: The cost of foundations, other than those special to particular engines and pumps, shall be included in the cost of the building, and not in this account.

NOTE B: The cost of engines and pumps for use in connection with delivery facilities shall be included in account 112, 162, "Delivery facilities."

§ 20.109 Machine tools and machinery. This account shall include the cost of machine tools and machinery, including the cost of their special foundations and installation.

NOTE: The cost of foundations, other than those special to particular machine tools and machinery, shall be included in the cost of the building, and not in this account.

§ 20.110 Other station equipment. This account shall include the cost of all station equipment not provided for elsewhere, such as electric light, gas, and refrigeration equipment, manifolds, and miscellaneous equipment and fittings. It shall also include the carrier's investment in tracks if located at and used in connection with a station.

§ 20.111 Oil tanks. This account shall include the cost of oil tanks, in-

cluding grades, roofs, fire banks, steam coils, swing pipes, inlet valves, and outlet valves.

§ 20.112 *Delivery facilities.* This account shall include the cost of facilities for receiving or delivering oil and oil products from or to water lines, railroads, and trucks, such as delivery racks, wharves (including buildings thereon), docks, and slips, including piling, pile protection, cribs, cofferdams, walls, and other necessary devices and apparatus for the operation or protection of such property. It shall also include the cost of engines, pumps, and boilers at loading racks and on wharves, the construction of oil-pipe lines between oil tanks and delivery facilities, and the carrier's investment in tracks if located at and used in connection with delivery facilities.

NOTE A: The cost of land on which delivery facilities are located shall be charged to account 101, 151, 171, "Land."

NOTE B: The cost of grading and preparing grounds, both before and after the construction of delivery facilities, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the facilities, but the cost of restoring the grounds after repair work shall be included in the appropriate operating-expense accounts.

§ 20.113 *Communication systems.* This account shall include the cost of telegraph, wireless, telephone, and radio equipment.

DETAILS OF TELEGRAPH AND TELEPHONE TERMINAL EQUIPMENT

Batteries.
Cables and wires, interior.
Conduits, interior.
Connecting wires.
Current-controlling instruments.
Electric generators and motors.
Electric meters.
Engines, stationary.
Fuses and mechanical protectors.
Rectifiers.
Rheostats.
Sending and receiving instruments.
Switchboards.
Testing outfits.
Transformers.

DETAILS OF TELEGRAPH AND TELEPHONE OUTSIDE PLANT

Aerial attachments.
Braces.
Brackets.
Cable boxes and appurtenances.
Cables and wires, aerial.
Conduits and appurtenances.
Cross arms and cross-arm bolts.
Guy stubs and anchors.
Guy rods and wires.

Insulators and pins.
Poles.
Submarine cables and connections.
Telephone pole boxes.
Towers.
Underground cables and connections.

DETAILS OF RADIO AND WIRELESS EQUIPMENT

Radio transmitters.
Radio receivers.
Radio antenna, complete, with or without supports.
Wireless receiving equipment.
Wireless sending equipment.

§ 20.114 *Office furniture and equipment.* This account shall include the cost of office equipment, furniture, and fixtures for general and local office buildings, such as office safes, desks, chairs, typewriters, adding and calculating machines, filing cabinets, fire extinguishers, rugs, carpets, and other floor covering, etc., when not built in or permanently attached to buildings.

§ 20.115 *Vehicles and other work equipment.* This account shall include the cost of motor and other vehicles, motor and other portable work equipment, garage equipment, and portable tools and machines such as drills, hoists, jacks, power mowers, stocks and dies, laying tongs, vises, air compressors, welding machines, valve reseating machines, pipe-cleaning machines, and concrete mixers, not specifically provided for in other accounts.

§ 20.116 *Other property.* This account shall include the cost of property used in pipe-line operations not provided for elsewhere.

TRUNK LINES

§ 20.151 *Land.* (For text of this section see § 20.101.)

§ 20.152 *Rights-of-way.* (For text of this section see § 20.102.)

§ 20.153 *Line-pipe.* (For text of this section see § 20.103.)

§ 20.154 *Line-pipe fittings.* (For text of this section see § 20.104.)

§ 20.155 *Pipe-line construction.* (For text of this section see § 20.105.)

§ 20.156 *Buildings.* (For text of this section see § 20.106.)

§ 20.157 *Boilers.* (For text of this section see § 20.107.)

§ 20.158 *Pumping equipment.* (For text of this section see § 20.108.)

§ 20.159 *Machine tools and machinery.* (For text of this section see § 20.109.)

§ 20.160 *Other station equipment.* (For text of this section see § 20.110.)

§ 20.161 *Oil tanks.* (For text of this section see § 20.111.)

§ 20.162 *Delivery facilities.* (For text of this section see § 20.112.)

§ 20.163 *Communication systems.* (For text of this section see § 20.113.)

§ 20.164 *Office furniture and equipment.* (For text of this section see § 20.114.)

§ 20.165 *Vehicles and other work equipment.* (For text of this section see § 20.115.)

§ 20.166 *Other property.* (For text of this section see § 20.116.)

GENERAL

§ 20.171 *Land.* (For text of this section see § 20.101.)

§ 20.176 *Buildings.* (For text of this section see § 20.106.)

§ 20.179 *Machine tools and machinery.* (For text of this section see § 20.109.)

§ 20.183 *Communication systems.* (For text of this section see § 20.113.)

§ 20.184 *Office furniture and equipment.* (For text of this section see § 20.114.)

§ 20.185 *Vehicles and other work equipment.* (For text of this section see § 20.115.)

§ 20.186 *Other property.* (For text of this section see § 20.116.)

§ 20.191 *Construction work in progress.* This account shall include the cost of construction of carrier property not completed ready for service at the date of balance sheet, including the cost of land acquired for such projects (see note B to account 101, 151, 171, "Land") and of unapplied construction material and supplies located at point of use for the construction of new equipment and/or extensions. It includes interest and taxes during construction and other elements of cost of such construction work. When any carrier property, the cost of construction of which has been included in this account, is completed ready for service, the cost thereof shall be credited to this account and charged to the other primary property accounts appropriate to the character of the property.

NOTE. It is not required that this account shall include the cost of construction work

which is placed in service as the work progresses.

§ 20.192 *Unadjusted investments.* This account shall include the difference between the total amount of the carriers' investment as stated in account 1, "Investment in carrier property," and the sum of the amounts transferred to property accounts 101 to 191, inclusive, in setting up the accounting records to meet the requirements of this system of accounts.

§ 20.193 *Acquisition adjustment.* (a) This account shall include the difference between (1) the cost to the accounting company of pipe-line property acquired by purchase and (2) the amount distributed to the primary property accounts. (See § 20.0-34 *Pipe-line operating property purchased.*)

(b) This account shall also include the difference between the assets acquired (accounts 1 to 28, inclusive) and the par or recorded value of the accounting company's capital stock plus its debts and other liabilities (accounts 51 to 79, inclusive), in respect of pipe-line property acquired in reorganization under the circumstances set forth in § 20.0-30 *Reorganizations.*

(c) Any balance remaining in this account after making the entries provided for under paragraphs (a) or (b) of this section shall be subject to such ultimate disposition as the Commission may direct.

EARNED-SURPLUS INSTRUCTIONS

§ 20.0-41 *Purpose of earned surplus accounts.* The earned surplus accounts are a group of primary accounts that form the connecting link between the income accounts and the balance sheet account, "Earned surplus." The several accounts thereof (301 to 317) are designed to show the changes in earned surplus or deficit during each calendar year resulting from (a) the operations and other transactions during the period as reflected in the income accounts, (b) appropriations or other reservations of earned surplus for specific purposes, (c) accounting adjustments not properly includible in income, (d) gains and losses not accounted for elsewhere, and (e) appropriations for dividends.

EARNED SURPLUS ACCOUNTS

CREDIT

§ 20.301 *Income balance.* This account shall be maintained in the general books of the carrier. The balance of all

income primary accounts (401 to 424, inclusive) shall be closed into this account at the end of each calendar year

§ 20.302 Credits from retired carrier property. This account shall include the credits to earned surplus on account of:

(a) Land sold.

(b) From depreciable property abandoned, sold, or otherwise retired.

NOTE: This account shall be used in accounting for depreciable property retired only after permission of this Commission has been obtained. (See paragraph (f) of § 20.0-8 *Depreciation accounting*.)

§ 20.304 Miscellaneous credits. This account shall include amounts, not provided for elsewhere, transferred from other accounts to surplus, and amounts representing increases of resources not properly assignable to the income accounts. Among the items which shall be included in this account are:

Adjustments or cancellations of balance sheet accounts not relating to operating revenue, operating expense, or income accounts.

Cancellation of balance sheet accounts representing unclaimed wages and vouchered accounts written off because of inability to locate the creditor.

Credits resulting from adjustments required to bring to par funded debt securities issued or assumed by the carrier and reacquired at a cost less than par value.

Items erroneously collected and retained on account of inability to make refund.

Profit derived from sale of investment securities. (See account 79, "Reserve for adjustment of investment in securities.")

Profit derived from sale of property carried in account 5, "Miscellaneous physical property."

Profit from the sale of oil, the cost of which is carried in account 3, "Operating oil supply."

Sale of mineral deposits on property, when value thereof was not considered in purchase price of property.

Unreleased premium on funded debt reacquired before maturity.

DEBIT

§ 20.312 Debits from retired carrier property. This account shall include amounts properly chargeable to surplus on account of:

(a) Land sold.

(b) From depreciable property abandoned, sold, or otherwise retired.

NOTE: This account shall be used in accounting for depreciable property retired only after permission of this Commission has been obtained. (See § 20.0-8 (f) *Depreciation accounting*.)

§ 20.314 Miscellaneous debits. This account shall include amounts, not provided for elsewhere, chargeable to surplus from other accounts, amounts written off in consequence of adjustments, and items not properly chargeable to income. Among the items which shall be charged to this account are:

Adjustments and cancellations of balance sheet accounts not relating to operating revenue, operating expense, or income accounts.

Debits resulting from adjustments required to bring to par funded debt securities issued or assumed by the carrier and reacquired at a cost exceeding par value.

Discount on stock remaining unextinguished at time of its reacquirement, resale, or retirement, if in excess of the pro rata portion includible in unearned surplus.

Losses resulting from sale or adjustment of investment securities.

Losses resulting from sale, destruction, or retirement of property carried in account 5, "Miscellaneous physical property."

Losses from the sale of oil, the cost of which is carried in account 3, "Operating oil supply."

Penalties and fines for violations of the Interstate Commerce Act or other Federal laws.

Unextinguished discount on funded debt reacquired before maturity.

§ 20.315 Miscellaneous reservations of surplus. This account shall include amounts definitely reserved from surplus for purposes not provided for elsewhere. Appropriations charged to this account shall be credited to account 81, "Appropriated earned surplus."

NOTE: Similar appropriations made from income shall be charged to account 420, "Miscellaneous reservations of income."

§ 20.316 Stock discount extinguished through surplus. This account shall include amounts definitely appropriated from surplus to reduce or extinguish the amount of discount on capital stock issued by the carrier. (See § 20.0-26 *Discount and premium on capital stock*.)

NOTE A: Similar appropriations made from income shall be charged to account 421, "Stock discount extinguished through income."

NOTE B: The use of this account is conditional upon the carrier having an adequate credit balance in surplus.

§ 20.317 Dividend appropriations of surplus. (a) This account shall include amounts of dividends declared, chargeable to surplus, on actually outstanding capital stock issued or assumed by the carrier, other than debenture stock. (For definition of the several classes of capital stock see account 51, "Capital stock.") If a dividend is not payable in

cash, the consideration shall be described in the entry with sufficient particularity to identify it.

(b) This account shall be subdivided so as to show separately the dividends on the various subclasses of capital stock.

NOTE A: Interest accrued on debenture stock shall be charged to account 416, "Interest on long-term debt," or account 419, "Contingent interest on debt," as may be appropriate.

NOTE B: This account shall not include charges for dividends on capital stock issued or assumed by the carrier and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in insurance or other special funds. (See § 20.0-24 *Company securities owned.*)

NOTE C: Similar appropriations made from income shall be charged to account 422, "Dividend appropriations of income."

INCOME INSTRUCTIONS

§ 20.0-51 *Purpose of income accounts.* The income accounts (401 to 424, inclusive) are designed to show, as nearly as practicable, for each fiscal period, the amount of money that a carrier becomes entitled to receive for services rendered, the returns accrued upon investments, the accrued costs paid or payable for the services rendered by it, the losses sustained by it, the amounts accrued for taxes, for use of moneys, and for use of properties of others, and reservations and appropriations of income during the period.

§ 20.0-52 *Statement of income accounts.* The accounting for income shall be, as nearly as practicable, coincident with the transactions or the occurrences which create them. If, for the purpose of meeting this requirement, the carrier accounts for unaudited income upon an accrual basis, it shall file with this Commission a comprehensive statement indicating the particulars of its plan of accrual. It shall also file with this Commission any revision made in its plan of accounting for accruals.

§ 20.0-53 *Form of income statement.*

Operating Income

401 Operating revenues.

411 Operating expenses.

Net revenue from operations.¹

412 Pipe-line taxes:

(A) Income and excess-profits taxes.

(B) Other taxes.

Pipe-line operating income.¹

¹ If a loss, the amount shall be shown in red.

403 Income from miscellaneous operating physical property.

413 Taxes on miscellaneous operating physical property.

Miscellaneous operating income.

Total operating income.¹

Other Income

404 Income from miscellaneous nonoperating physical property.

405 Dividend income.

406 Interest income.

407 Income from insurance and other reserve funds.

408 Release of premium on funded debt.

409 Miscellaneous income.

410 Delayed income credits.

Total other income.

Total income.¹

Miscellaneous Deductions From Total Income

414 Miscellaneous taxes.

415 Miscellaneous income charges.

423 Bad debts.

424 Delayed income debits.

Total miscellaneous deductions.

Income available for fixed charges.¹

Fixed Charges

416 Interest on long-term debt.

417 Interest on unfunded debt.

418 Amortization of discount on funded debt.

Total fixed charges.

Income after fixed charges.¹

Contingent Charges

419 Contingent interest on debt.

Net income.¹

Disposition of Net Income.

420 Miscellaneous reservations of income.

421 Stock discount extinguished through income.

422 Dividend appropriations of income.

Total appropriations of income.

301 Income balance.¹

INCOME ACCOUNTS

CREDIT

§ 20.401 *Operating revenues.* This account shall include the total revenues classable in the operating-revenue accounts.

§ 20.403 *Income from miscellaneous operating physical property.* This account shall include the net balance of the revenues or income from, and the expenses (including depreciation) from the operation by the carrier of physical property, the cost of which is includible in account 5, "Miscellaneous physical property," and also of physical property of others leased and used by the carrier for other than transportation purposes. The rent for leased property which is used by the carrier for other than transportation purposes; assessments for maintenance of public improvements against such property when borne by the carrier; and directly assignable organization or administration expenses incident to in-

vestment in miscellaneous operating physical property shall be included in this account.

NOTE A: Net credit balances shall be shown in the income statement in black, and net debit balances in red.

NOTE B: Taxes on miscellaneous operating physical property shall be included in account 413, "Taxes on miscellaneous operating physical property."

§ 20.404 *Income from miscellaneous nonoperating physical property.* This account shall include the net credit balance of nonoperating revenues or income from and the expenses of (including depreciation but excluding taxes) physical property, the cost of which is carried in balance-sheet account 5, "Miscellaneous physical property."

NOTE A: Net debit balance in this account should be shown in red.

NOTE B: The net income from the operation of miscellaneous operating physical properties shall be included in account 403, "Income from miscellaneous operating physical property."

§ 20.405 *Dividend income.* (a) This account shall include dividends declared on stocks the income from which is the property of the carrier, whether such stocks are owned by the carrier and held in its treasury, or deposited in trust, or controlled through lease or otherwise.

(b) Dividends may be credited prior to the actual collection if their payment is reasonably assured by past experience, guaranty, anticipated provisions, or otherwise.

NOTE: Dividends on stocks of other companies held in insurance or other special reserve funds shall be credited to account 407, "Income from insurance and other reserve funds."

§ 20.406 *Interest income.* This account shall include the interest on securities and debenture stock of other companies, the income from which is the property of the carrier, whether such securities are owned by it and held in its treasury, or deposited in trust, or controlled through lease or otherwise. It shall include also interest on notes and other evidences of indebtedness and interest on bank balances, certificates of deposit, open accounts (including open-account advances chargeable to account 6, "Investments in affiliated companies"), and other analogous items. Interest accrued shall not be credited before actual collection unless its payment is reasonably assured by past experience, guaranty, anticipated provisions, or otherwise.

NOTE A: Interest on securities of other companies held in insurance or other reserve funds shall be included in account 407, "Income from insurance and other reserve funds."

NOTE B: Discount on bills for material purchased shall be credited to the account to which the cost of the material is charged.

§ 20.407 *Income from insurance and other reserve funds.* (a) This account shall include the income accrued on cash, securities, and other assets (not including securities issued or assumed by the carrier) held in sinking, insurance, and other reserve funds. In this account shall be included also profits realized and losses sustained in the sale of securities held in such funds.

(b) There may be included in the accounts for each fiscal period the applicable amount requisite to extinguish during the interval between the date of acquisition and the date of maturity the discount or premium on funded securities held in insurance or other reserve funds. Amounts thus credited or charged shall be concurrently charged or credited to the accounts in which the securities are carried.

NOTE: Credits to fund reserve accounts representing income from those funds (retainable in them) shall be concurrently charged to account 420, "Miscellaneous reservations of income."

§ 20.408 *Release of premium on funded debt.* This account shall include during each fiscal period such proportion of the premiums on outstanding funded debt as is applicable to that period. This proportion shall be determined in accordance with § 20.0-27 (c) *Discount, premium, and expense on funded debt.*

§ 20.409 *Miscellaneous income.* This account shall include all items, not provided for elsewhere, properly creditable to income during the fiscal period.

Items

Profits from conversion of funds of a foreign country into United States funds.

Fees collected in connection with the exchange of coupon bonds for registered bonds.

Amortization of discount on funded debt securities of others owned by the accounting company.

§ 20.410 *Delayed income credits.* This account, which may be used only after permission of this Commission has been obtained, shall include delayed credit items and adjustments for which no provision has previously been made, relating to operating revenues, operating

expenses, and income arising during the current year which are applicable to prior years and which are relatively so large that their inclusion in the accounts appropriate for current items of the same class would seriously distort those accounts for the year. (See § 20.0-4, *Laid items*.)

NOTE: All entries in this account shall be made in such detail as will indicate the operating-revenue, operating-expense, or income accounts to which they relate.

DEBIT

§ 20.411 *Operating expenses.* This account shall include the total expenses classable in the operating-expense accounts.

§ 20.412 *Pipe-line taxes.* This account shall include accruals for taxes of all kinds (including Federal and State income taxes) relating to carrier property, operations, privileges, and licenses, whether based upon the valuation of the property, amount of stocks and bonds issued or outstanding, gross or net earnings, dividends declared, expense requirements of governmental bodies, or otherwise.

This account shall be subdivided to show:

- (a) Income and excess-profits taxes
- (b) Capital-stock taxes.
- (c) Transportation taxes
- (d) Property taxes.
- (e) Other taxes.

NOTE A: Taxes on leased pipe-line property shall be included in this account by the lessor. To the extent that such taxes are assumed by the lessee under the lease, the amounts thereof shall increase the rent as recorded by both lessee and lessor.

[Note A amended, 16 F. R. 11966, Nov. 28, 1951]

NOTE B: Taxes on other than carrier property, operations, privileges, and licenses shall be charged to account 413, "Taxes on miscellaneous operating physical property," or account 414, "Miscellaneous taxes."

NOTE C: Special assessments for street and other public improvements and special benefit taxes, such as water taxes and the like, shall be included in operating-expense or investment accounts, as may be appropriate. The entire amount of the assessment for each public improvement project shall be accounted for as soon as the amount thereof is determined. Installments deferred without option to the carrier shall be included in account 78, "Other deferred credits."

NOTE D: Discount allowed for prompt payment of taxes shall be credited to the account to which the taxes are chargeable.

§ 20.413 *Taxes on miscellaneous operating physical property.* This account

shall include the accrual of all taxes paid or payable on miscellaneous operating physical property.

NOTE: Taxes on miscellaneous nonoperating physical property shall be included in account 414, "Miscellaneous taxes."

§ 20.414 *Miscellaneous taxes.* This account shall include all tax accruals not provided for elsewhere, such as taxes on securities owned, taxes on income from securities owned, and taxes on miscellaneous nonoperating physical property.

NOTE: Discounts allowed for the prompt payment of taxes shall be credited to the account to which the taxes are chargeable.

§ 20.415 *Miscellaneous income charges.* This account shall include all items not provided for elsewhere properly chargeable to income for a fiscal period.

Items

Cost of advertising bonds drawn for redemption.

Membership fees and dues in associations which do not have some direct or intimate relations to pipe-line operations of the carrier.

Trusts, current expenses of maintaining and administering.

Premiums on bonds to assure performance of contractual obligations when payments under the contracts are chargeable to income accounts.

Losses due to conversion of funds of a foreign country into United States funds.

Extinguishment of premium on funded debt securities of others owned by the accounting company.

Normal and additional income taxes upon interest on the accounting company's funded debt when assumed by it.

§ 20.416 *Interest on long-term debt.* This account shall include the current accruals of interest on all classes of debt issued for a term of 2 years or more, such as debt the principal of which is includible in account 55, "Funded debt unmatured," 56, "Receivers' certificates" (maturing more than 2 years from date of issue), or 57, "Nonnegotiable debt to affiliated companies." It shall also include interest accruals on debenture stock. This account shall be kept in such form that the interest on debenture stock, on receivers' certificates, and on other classes of funded debt may be shown separately in the annual report to this Commission.

NOTE A: This account shall not include charges for interest on funded debt obligations issued or assumed by the carrier and owned by it, whether pledged as collateral or held in its treasury, in special deposits,

insurance, or other funds. (See also account 407, "Income from insurance and other reserve funds.")

NOTE B: Interest expressly provided for and included in the face amount of securities issued in the acquisition of physical property shall be charged, when the securities are issued, to a suspense account under account 28, "Other deferred debits," and cleared to this account as the interest accrues.

NOTE C: Interest on funded debt obligations, the payment of the principal of which has been extended by agreement beyond the date of original maturity, shall be included in this account.

§ 20.417 *Interest on unfunded debt.*

(a) This account shall include all accrued interest payable, except that chargeable to account 416, "Interest on long-term debt," or to the investment accounts. Discount and expenses on short-term notes, maturing 2 years or less from date of issue, if considerable in amount, shall be distributed by equal monthly charges to this account, throughout the term of the notes; if inconsiderable in amount, it shall be charged to this account when incurred.

(b) A list follows of representative items of indebtedness, interest on which is chargeable to this account:

(1) Advances other than investment advances from affiliated companies.

(2) Assessments for public improvements.

(3) Bond coupons, matured and unpaid.

(4) Capital-stock subscriptions, receipts for installments on.

(5) Claims and judgments.

(6) Funded debt matured, with respect to which a definite agreement as to extension has not been made.

(7) Open accounts (other than those classable in account 57, "Nonnegotiable debt to affiliated companies").

(8) Receivers' certificates issued for a term of 2 years or less.

(9) Short-term notes payable on demand or having maturity dates 2 years or less from date of issue.

(10) Tax assessments, past due.

NOTE A: When unfunded debt is incurred for carrier property, the accrual of interest thereon (less interest received on unexpended balances) to the date of completion or coming into service of the property so acquired shall be included in the appropriate carrier-property accounts.

NOTE B: Interest payable on notes or other evidences of indebtedness maturing serially shall be charged to account 416, "Interest on

long-term debt," if any portion of the obligation matures more than 2 years from date of issue.

NOTE C: Interest on installments of taxes which are deferred without option of the carrier shall be included as a part of the assessment. All other interest on tax assessments shall be charged to this account.

§ 20.418 *Amortization of discount on funded debt.* This account shall include during each fiscal period such proportion of the discount and expense on outstanding funded debt as is applicable to that period. This proportion shall be determined in accordance with § 20.0-27 (c) *Discount, premium, and expense on funded debt.*

§ 20.419 *Contingent interest on debt.* This account shall include interest payable on funded debt, when a claim against income after fixed charges and prior to the interest of stockholders in the earnings of the carrier, such as interest on income bonds.

NOTE A: Fixed interest on funded debt shall be included in account 416, "Interest on long-term debt."

NOTE B: Contingent interest on funded debt obligations, the payment of the principal of which has been extended by agreement beyond the date of maturity, shall be included in this account.

§ 20.420 *Miscellaneous reservations of income.* This account shall include amounts definitely reserved from income for purposes not provided for elsewhere. Appropriations charged to this account shall be credited to account 81, "Appropriated earned surplus."

NOTE: Similar appropriations made from surplus shall be charged to account 315, "Miscellaneous reservations of surplus."

§ 20.421 *Stock discount extinguished through income.* This account shall include amounts definitely appropriated from income to reduce or extinguish the amount of discount on capital stock issued by the carrier. (See § 20.0-26 (b) *Discount and premium on capital stock.*)

NOTE: Similar appropriations made from surplus shall be charged to account 316, "Stock discount extinguished through surplus."

§ 20.422 *Dividend appropriations of income.* (a) This account shall include amounts of dividends declared, chargeable to the income of the fiscal period, on actually outstanding capital stock issued or assumed by the carrier, other than debenture stock. (For definition of the several classes of capital stock see account 51, "Capital stock.") If a divi-

dend is not payable in cash, the consideration shall be described in the entry with sufficient particularity to identify it.

(b) This account shall be subdivided so as to show separately the dividends on the various subclasses of capital stock.

NOTE A: Interest accrued on debenture stock shall be charged to account 416, "Interest on long-term debt," or account 419, "Contingent interest on debt," as may be appropriate.

NOTE B: This account shall not include charges for dividends on capital stock issued or assumed by the carrier and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in insurance or other special funds.

NOTE C: Similar appropriations made from surplus shall be charged to account 317, "Dividend appropriations of surplus."

§ 20.423 *Bad debts.* This account shall be charged with receivables, which after a reasonably diligent effort to collect, are determined to be uncollectible.

§ 20.424 *Delayed income debts.* This account which may be used only after permission of this Commission has been obtained, shall include delayed debit items and adjustments for which no provision has previously been made, relating to operating revenues, operating expenses, and income arising during the current year which are applicable to prior years and which are relatively so large that their inclusion in the accounts appropriate for current items of the same class would seriously distort those accounts for the year. (See § 20.0-4 *Delayed items.*)

NOTE: All entries in this account shall be made in such detail as will indicate the operating-revenue, operating-expense, or income accounts to which they relate.

OPERATING REVENUES, INSTRUCTIONS

§ 20.0-61 *Purpose of operating-revenue accounts.* The operating-revenue accounts (501 to 554, inclusive) are designed to show the revenues from the carrier's pipe-line operations, and service incidental to such service classified as between "Gathering lines" and "Trunk lines."

§ 20.0-62 *Statement of operating-revenue accounts.* (a) The accounting for operating revenues shall as nearly as practicable be coincident with the transactions which create them. If, for the purpose of meeting this requirement, the carrier accounts for unaudited revenues upon an accrual basis, it shall file with this Commission a comprehensive statement indicating the particulars of its

plan of accruals, including in these particulars a description of the variations in the general plan made to meet seasonal changes occurring in traffic. It shall also furnish an explanation of its plan of adjusting accrual estimates to the actual revenue earned. It shall also file with this Commission any revision made in its plan of accounting for accruals. If, during any calendar year, due to exceptional traffic conditions, the carrier finds a modification of its general plan becomes temporarily necessary in accruing certain unaudited revenue, it shall furnish a statement to this Commission of such temporary modification. Revenues thus accrued shall be included in account 69, "Other current liabilities" or account 20, "Other current assets," as may be appropriate.

(b) The revenue accounts shall not be used as clearing accounts for other carriers' proportions of revenue, except that overcharges discovered after the revenue has been audited may be carried in these accounts until adjusted.

[12 F. R. 6527, as amended at 12 F. R. 8409]

§ 20.0-63 *Miscellaneous operations.* The revenue from miscellaneous operations shall be included in account 403, "Income from miscellaneous operating physical property," when the facilities used are distinct from those used by the carrier in pipe-line service or in the maintenance of facilities used in such service and the operations are not incidental thereto. (See also account 403.)

OPERATING-REVENUE ACCOUNTS

§ 20.500 *Text pertaining to operating-revenue accounts.* Separate primary accounts are prescribed for revenue from the operation of gathering lines and of trunk lines. To establish at a glance that the accounting requirements are the same for the same kind of revenue in each type of operation, a single text is provided hereinafter for the two primary account numbers having identical account titles, as indicated by the following table:

Account No.		Account title
Gathering lines	Trunk lines	
501	551	Transportation revenue.
502	552	Storage and demurrage revenue
503	553	Rent revenues.
504	554	Miscellaneous revenue.

The primary accounts included in this general account are designed to show amounts of money which the carrier becomes entitled to receive, or which accrue to its benefit, from services rendered to others in gathering oil and oil products, in the transportation of oil and oil products, and from services incident to such operations.

GATHERING LINES

§ 20.501 *Transportation revenue.* This account shall include the revenue from the transportation of oil and oil products.

§ 20.502 *Storage and demurrage revenue.* This account shall include the revenue from the storage of oil; also demurrage charges incident to the failure of the consignee to receive oil or oil products promptly.

§ 20.503 *Rent revenues.* This account shall include revenues from the rental or subrental of carrier property by the accounting company to others.

The maintenance (repairs and depreciation) of carrier property the rent from which is includible in this account shall be charged thereto, if assumed by the accounting company, and if separable from the maintenance of other pipe-line property operated by the carrier.

NOTE A: Taxes on leased carrier property, shall be charged to account 412, "Pipe-line taxes," by the lessor.

NOTE B: The rent from property, the cost of which is includible in account 5, "Miscellaneous physical property," shall be included in account 404, "Income from miscellaneous nonoperating physical property."

§ 20.504 *Miscellaneous revenue.* This account shall include the revenue from sources other than the transporting and storage of oil and oil products, such as revenue from telegrams, telephone messages, and other incidental services, including amounts realized from the sale of oil accumulated as the result of allowances in tariffs to cover shrinkage, etc.

TRUNK LINES

§ 20.551 *Transportation revenue.* (For text of this section see § 20.501.)

§ 20.552 *Storage and demurrage revenue.* (For text of this section see § 20.502.)

§ 20.553 *Rent revenues.* (For text of this section see § 20.503.)

§ 20.554 *Miscellaneous revenue.* (For text of this section see § 20.504.)

OPERATING EXPENSES, INSTRUCTIONS

§ 20.0-71 *Purpose of operating-expense accounts.* The operating-expense accounts (601 to 691, inclusive) are designed to show expenses of the carrier in furnishing pipe-line service, including the expenses of maintenance (repairs and depreciation) of the property used in such service. General clearing accounts 751 to 791 are designed to facilitate the distribution to the appropriate gathering-line and trunk-line primary accounts of expenses of a general character. These distributions shall be upon the basis of factors deemed by the carrier to be equitable. The carrier shall maintain in its records the details of these general clearing accounts and the bases upon which the charges to them have been cleared therefrom.

§ 20.0-72 *Statement of operating-expense accounts.* The accounting for operating expenses shall, as nearly as practicable, be coincident with the transactions which create them. If, for the purpose of meeting this requirement, the carrier accounts for other than specific items under the provisions of § 20.0-3 *Unaudited items*, such as charges for loss and damage, injuries to persons, and other expenses upon an accrual basis, it shall file with this Commission a comprehensive statement indicating the particulars of its plan of accruals. It shall also file with this Commission any revision made in its plan of accounting for such accruals. It shall furnish an explanation of its plan of adjusting accrual estimates to actual expenses incurred.

§ 20.0-73 *Miscellaneous operations.* The expenses of miscellaneous operations involving the use of such facilities as hotels and restaurants, ice-supply plants, etc., shall be included in account 403, "Income from miscellaneous operating physical property," when the facilities used are distinct from those used by the carrier in pipe-line service or in the maintenance of facilities used in such service, if the operations are not incident thereto. (See also account 403.)

§ 20.0-74 *Maintenance expenses.* The accounts provided for maintenance are designed to show the cost of repairs and also the loss resulting from ordinary wear and tear of service, exposure to the elements, inadequacy, obsolescence, or other depreciation. They shall include the cost of clearing, mowing, and beautifying grounds pertaining to buildings; of maintaining sidewalks and driveways within

the ground or structures; of the periodical restoration of seasonal features such as gardens, shrubbery, and lawns; of restoring sidewalks, driveways, lawns, etc., in grounds after property changes; and of clearing and removing casual encumbrances such as ice and snow.

NOTE: Cleaning station buildings and maintaining grounds, when incidentally done by station employees, is provided for in account 623, 673, "Operation of pumping stations."

§ 20.0-75 Cost of repairs. (a) The cost of all repairs of carrier property shall be included in the appropriate repair accounts.

(b) The cost of repairs shall include the following:

(1) Inspection, including service tests to ascertain the condition of property and to determine any repairs necessary; of adjusting, reconditioning, including the replacement in kind of minor items of carrier property such as repairing buildings and other structures; of inspecting and testing after repairs have been made to determine whether the repairs have been properly made; of incidental work, such as the construction or removal of false work; and the cost of relocating pipe-line plant when retirement accounting for units of property is not involved.

NOTE: Reconditioning of oil-line pipe shall be accounted for as repairs regardless of whether the pipe is reconditioned at the trenches or is removed to a central location for that purpose; also, changes in the method of joining the pipe, such as conversion from screw end to plain end welded pipe, shall be treated as part of the reconditioning cost.

(2) The cost of labor, material and supplies, teaming, special machine service, contract work, privileges, protection from casualties, and other analogous items of expense connected with the maintenance of carrier property.

(c) The several items of cost here referred to are defined as follows:

(1) Cost of labor includes the amount paid for labor performed by the carrier's own employees. When officers or members of their staffs are especially assigned to construction work, their pay while thus engaged shall be included in the cost of the construction work. No charge shall be made against the carrier-property accounts for the pay of operating officers and members of their staffs who merely render service incidentally in connection with property changes.

(2) Cost of materials and supplies, including small tools, is the purchase price at the point of free delivery plus the cost of inspection and loading borne by the carrier; it also includes transportation charges up to the point the material is received by the carrier which are paid to others. In calculating the cost of materials used, proper allowance shall be made for the value of unused portions and other salvage.

NOTE A: The office and traveling and other expenses of officers and employees shall be included in the accounts to which their pay is chargeable, except that traveling and incidental expenses incurred by operating officers and members of their staffs while rendering service incidentally in connection with property changes shall be included in the cost of the work upon which they are incidentally engaged.

NOTE B: There shall be credited to these accounts the value, at current prices, of material recovered (less a suitable allowance for its second-hand condition) from property repaired and from scaffolding, cofferdams, and other temporary structures used in repair work.

(3) Cost of special machine service includes the cost of labor expended and material and supplies consumed in operating steam shovels, ditching machines, pile drivers, dredges, scrapers, and other labor-saving machines.

(4) Contract work includes amount paid for work performed under contract by other companies, firms, or individuals and costs incident to the awarding of the contract.

(5) Cost of privileges includes amount paid for special temporary privileges such as for the use of private or public property or of streets in connection with repairs of the property of the carrier.

(6) Cost of protection from casualties includes expenditures for protection against fire, flood, etc., such as payments for discovery or extinguishment of fires, payments to others for reporting leaks in pipe lines, cost of detecting and prosecuting incendiaries, witness fees in relation to such protection, amounts paid to municipal corporations and others for fire protection, protecting property against damages by floods, and analogous items. It does not include insurance premiums paid to assure reimbursement for prospective losses of carrier property. Such premiums are chargeable to account 638, 688, 788, "Insurance."

§ 20.0-76 Royalties on appliances. The royalties or other expenses for pat-

ent rights on appliances used in operation shall be included in the appropriate operating-expense accounts.

§ 20.0-77 *Distribution of pay and expenses of employees.* (a) Charges to the carrier-property and operating-expense accounts for services and expenses of employees engaged both in construction and operation shall be based upon the actual time engaged in the respective classes of work.

(b) The pay and expenses of an employee who performs the same class of work from day to day may be distributed upon the basis of a study of the time actually engaged in a representative period.

NOTE: The pay and expenses of an employee of one department who performs incidental services involving but small expense for another department shall be included in the expenses of the department in which the employee is regularly employed.

§ 20.0-78 *Deferring charges to operating expenses.* When an item of operating expenses incurred is so large that if included in the accounts for a single month it would distort the accounts for that month, the carrier has the option of charging the item to account 28, "Other deferred debits," and spreading it in equal amounts in the current and remaining months of the calendar year. No such item shall be spread beyond the accounts of the current year without specific authority of this Commission.

§ 20.0-79 *Equalization of expenses.* For the purpose of equalizing the monthly charges for the repairs of carrier property the carrier may include each month in the appropriate primary repair accounts a uniform proportion of the amount of authorized estimates of such expenses for the calendar year. In a like manner the authorized estimates of expenses on account of personal injury, damages to property, and other claims may be equalized in the monthly accounts of the calendar year.

OPERATING-EXPENSE ACCOUNTS

§ 20.600 *Text pertaining to operating-expense accounts.* Separate primary accounts are prescribed for expenses of operating gathering lines and trunk lines, and for those expenses common to both. To establish at a glance that the ac-

counting requirements are the same for the same kind of expense in each type of operation, a single text is provided hereinafter for the two (or three) primary account numbers having identical account titles, as indicated by the following table:

MAINTENANCE

Gathering lines	Trunk lines	General clearing accounts	
601	651	751	Superintendence.
602	652	752	Repairs of pipe lines.
604	654	754	Repairs of buildings.
605	655	-----	Repairs of pumping stations.
606	656	-----	Repairs of oil tanks.
607	657	-----	Repairs of delivery facilities.
608	658	758	Repairs of communication systems.
609	659	759	Repairs of office furniture and equipment.
610	660	-----	Repairs of vehicles and other work equipment.
611	661	761	Repairs of other property.
612	662	762	Other expenses.
613	663	763	Depreciation.
614	664	-----	Extraordinary retirements.

TRANSPORTATION

621	671	771	Superintendence.
622	672	-----	Operation of pipe lines.
623	673	-----	Operation of pumping stations.
624	674	-----	Operation of oil tanks.
625	675	-----	Operation of delivery facilities.
626	676	776	Operation of communication systems.
627	677	-----	Oil shortage.
628	678	-----	Other expenses.

GENERAL OFFICE

631	681	781	General office salaries.
632	682	782	General office supplies and expenses.
633	683	783	Law expenses.

OTHER EXPENSES

634	684	784	Injuries to persons.
635	685	785	Relief and pensions.
636	686	-----	Damage to property.
637	687	787	Stationery and printing.
638	688	788	Insurance.
639	689	-----	Casualty losses.
640	690	790	Operating rents.
641	691	791	Other expenses.

GATHERING LINES

Maintenance

§ 20.601 *Superintendence.* This account shall include the pay of superintendents in charge of maintenance of pipe-line property; the pay of their as-

sistants, engineers, draftsmen, clerks, and attendants; and an equitable proportion of the salaries of officers engaged in maintenance who are also engaged in work for the benefit of other departments, together with an equitable proportion of the pay of their assistants, clerks, and attendants.

This account shall also include the office expenses, or an equitable proportion thereof, of officers or employees whose pay is included in this account.

Office expenses include items such as repairs of rented offices, and the cost of heat and light.

§ 20.602 Repairs of pipe lines. This account shall include the cost of repairs of oil-pipe lines, including the cost of renewing and replacing in kind less than a unit of line pipe or fittings; also the cost of relocating oil-pipe lines.

This account shall also include pay and expenses of line walkers.

NOTE: Units of line pipe and of fittings retired shall be accounted as retired and their service value charged to account 74, "Accrued depreciation—Carrier property."

§ 20.604 Repairs of buildings. This account shall include the cost of repairs of buildings of all classes the investment in which is includible in account 106, 156, 176, "Buildings."

§ 20.605 Repairs of pumping stations. This account shall include the cost of repairing oil-pumping stations, including the cost of repairing pumps, boilers, air compressors, manifolds, fuel and water tanks, water and gas pipe, electric-light or power machinery, dynamos, and switchboards used in pipe-line pumping stations.

NOTE: The cost of repairs of oil-line pumping-station buildings shall be included in account 604, 654, 754, "Repairs of buildings."

§ 20.606 Repairs of oil tanks. This account shall include the cost of repairs of oil tanks, including grades, roofs, fire banks, steam coils, swing pipes, inlet valves, and outlet valves, and also mowing and cleaning tank farms.

§ 20.607 Repairs of delivery facilities. This account shall include the cost of repairs of delivery facilities the investment in which is includible in account 112, 162, "Delivery facilities."

§ 20.608 Repairs of communication systems. This account shall include the cost of repairs and relocations of communication systems the investment in which is includible in account 113, 163, 183, "Communication systems."

§ 20.609 Repairs of office furniture and equipment. This account shall include the cost of repairs of office furniture and equipment the investment in which is includible in account 114, 164, 184, "Office furniture and equipment."

§ 20.610 Repairs of vehicles and other work equipment. This account shall include the cost of repairs of motor and other vehicles, motor and other portable work equipment, and garage equipment not specifically provided for in other accounts.

Items

Air compressors.
Automobiles, motor trucks, and tractors, including those equipped with earth-boring machines, pumps, winches, etc.
Camp wagons, cars, and mounted kitchens.
Compressed-air tools.
Concrete mixers and breakers.
Derricks.
Ditching machines.
Draft animals.
Drills and hammers, power.
Earth-boring machines.
Forges.
Gasoline and oil pumps, portable.
Hand tools.
Hand trucks.
Harness.
Lathes.
Motor boats and barges.
Motorcycles and bicycles.
Motors and generators.
Planers.
Pumps.
Tamping and back-filling machines.
Testing equipment, portable.
Torches.
Trailers.
Wagons.
Winches, power.

§ 20.611 Repairs of other property. This account shall include the cost of repairs of property the investment in which is includible in account 116, 166, 186, "Other property."

§ 20.612 Other expenses. This account shall include the cost, not provided for elsewhere, of repairs of property used in pipe-line operations.

§ 20.613 Depreciation. (a) This account shall include charges covering the current loss from depreciation of carrier property.

(b) The carrier's records shall be kept in such manner that the charges for depreciation may be shown separately for each depreciable carrier-property account. (See § 20.0-8 (c) *Depreciation accounting*, and account 75, "Amortization reserve.")

(c) This account shall also include the amount of depreciation losses through obsolescence of material and supply stock. The amount thus charged to this account shall be concurrently credited to account 73, "Operating reserves."

§ 20.614 *Extraordinary retirements.* This account shall include the proportion of the service value of carrier property retired carried in account 27, "Extraordinary maintenance suspense," which, by authority of this Commission, shall be charged to operating expenses for the period. (See § 20.0-8 (f) *Depreciation accounting.*)

NOTE: Charges on account of oil in transit destroyed by fire shall be included in account 639, 689, "Casualty losses."

§ 20.615 *Amortization adjustment.* This account shall include the difference between the amount recorded in account 75, "Amortization reserve," with respect to specific facilities retired which were subject to amortization accounting under section 124, "Amortization deduction," of the Internal Revenue Code, and the service value of such retired property.

Transportation

§ 20.621 *Superintendence.* This account shall include the pay of superintendents in charge of pipe-line transportation service; the pay of their assistants, clerks, and attendants; and an equitable proportion of the salaries of officers engaged in transportation service who are also engaged in work for the benefit of other departments, together with an equitable proportion of the pay of their assistants, clerks, and attendants.

This account shall also include the office expenses, or an equitable proportion thereof, of officers, or employees whose pay is included in this account.

Office expenses include items such as repairs of rented offices, and the cost of heat and light.

§ 20.622 *Operation of pipe lines.* This account shall include the pay of gagers and assistants, and others engaged in operating oil-pipe lines, and the cost of supplies furnished to and incidental expenses of such employees.

§ 20.623 *Operation of pumping stations.* This account shall include the pay of engineers, firemen, and others employed in the operation of oil-line pumping stations; cost of power purchased,

fuel, lubricants, packing, waste, machine oil, gaskets, compound, and other supplies for operating pumps, boilers, and electric or other lighting apparatus used in connection with pumping stations; cost of steam and water bought; cleaning station buildings and maintaining grounds when the work is performed by station employees; and all other expenses incurred in connection with the operation of pumping stations.

§ 20.624 *Operation of oil tanks.* This account shall include the pay of tank tenders or gagers and other employees engaged in the operation of oil tanks, the cost of supplies used, and other expenses incurred in the operation of oil tanks.

§ 20.625 *Operation of delivery facilities.* This account shall include the pay of engineers, gagers, testers, car loaders, and other employees engaged in the operation of delivery facilities, and supplies used and expenses incurred in connection therewith.

§ 20.626 *Operation of communication systems.* This account shall include the pay of operators and messengers; the cost of chemicals, coppers, zincs, and other supplies for charging batteries; cost of fuel, light, and other supplies; and other expenses in connection with the operation of communication systems. (For rent of communication facilities see account 640, 690, 790, "Operating rents.")

§ 20.627 *Oil shortage.* This account shall include the amounts paid for oil and oil products lost, except by fire, in the course of transportation or during storage.

NOTE: Losses on account of destruction of oil and oil products by fire are provided for in account 639, 689, "Casualty losses."

§ 20.628 *Other expenses.* This account shall include all expenses in connection with transportation that are not properly chargeable to other transportation accounts.

General Office

§ 20.631 *General office salaries.* This account shall include the salaries of general officers directly in charge both of maintenance and operation of oil pipe lines, including the pay of their assistants, clerks, and attendants.

§ 20.632 *General office supplies and expenses.* This account shall include the office, traveling, and other expenses of officers and employees whose salaries are

includible in account 631, 681, 781, "General office salaries," or an equitable proportion thereof, including the cost of automobile and other vehicular service; cost of atlases, directories, periodicals, and other publications for office use; telephone and messenger service; express charges; telegraph and cable tolls; and other analogous items.

§ 20.633 *Law expenses.* This account shall include the pay and expenses of general attorneys, counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing of legal documents, recording documents, and security abstracts of records; fees and retainers of attorneys, payments to arbitrators, costs of suits, witness or other fees; and all law and court expenses not provided for elsewhere.

Other Expenses

§ 20.634 *Injuries to persons.* This account shall include all expenses (other than law expenses) on account of persons being killed or injured in the operation of pipe-line systems; including the pay and expenses of claim agents, investigators, and adjusters; medical and hospital fees and expenses, funeral expenses, payments in settlement of claims for personal injuries; and wages paid disabled employees while off duty.

This account shall also include amounts representing the estimated liability for current casualties. Items which would not appreciably affect the accounts need not be anticipated.

[12 F. R. 6527, as amended at 12 F. R. 8409]

§ 20.635 *Relief and pensions—(a) Pensions.* This account shall include pensions or gratuities paid out of the carrier's funds to retired employees or the heirs of former employees and the expenses solely in connection therewith.

(b) *Relief.* This account shall also include premiums on policies under which employees are insured and they or their heirs are the beneficiaries, and also expenses incurred and amounts contributed toward funds or other provisions, including sick benefits, for the relief of employees.

NOTE: In case the carrier's pension plan establishes an irrevocable or contractual obligation for the payment of pensions, it shall, when so authorized by this Commission, accrue reserves through charges to this ac-

count to cover its actual liability for such payments. Application to this Commission for authority to accrue such reserves through charges to this account shall contain a full statement of the facts which in the judgment of the carrier establishes an irrevocable or contractual obligation. This statement shall be accompanied by complete particulars of the carrier's pension plan. No charges to this account shall be made in anticipation of discretionary pension payments in the future.

§ 20.636 *Damage to property.* This account shall include amounts paid for damage to the property of others (except oil lost) on account of bursting of pipes or by other occurrences incident to the operation and maintenance of pipe lines, including amounts paid under court judgments or in compromise of actions.

This account shall also include amounts representing the estimated liability for current casualties. Items which would not appreciably affect the accounts need not be anticipated.

[12 F. R. 6527, as amended at 12 F. R. 8409]

§ 20.637 *Stationery and printing.* This account shall include the cost of postage, stationery, and stationery supplies used by all departments, including cost of printing reports, blanks, etc., except cost of printing briefs, legal forms, testimony, reports, etc., used in legal proceedings. (See account 633, 683, 783.)

§ 20.638 *Insurance.* This account shall include premiums (except reinsurance premiums) for insuring the accounting carrier against loss through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the accounting carrier would be chargeable to pipe-line operations or to account 74, "Accrued depreciation—Carrier property," also premiums on fidelity bonds of employees whose pay is chargeable to the accounts for pipe lines.

§ 20.639 *Casualty losses.* This account shall include losses on account of destruction of oil and payments on account of damage by fire to oil in transit or in storage for which the accounting carrier is responsible.

It shall also include the cost of repairing damage to the accounting carrier's plant when caused by fire, flood, tornado, earthquake, or other casualties.

To this account shall be credited insurance recovered on account of losses chargeable to this account.

This account shall also include amounts representing the estimated liability for current casualties. Items which would not appreciably affect the accounts need not be anticipated.

NOTE: The accounting for the cost of replacing units of property destroyed by casualties shall be in accordance with § 20.0-38 *Retirements and replacements*.

[12 F. R. 6527, as amended at 12 F. R. 8409]

§ 20.640 *Operating rents*. This account shall include rents payable for carrier property used in transportation service, including space in buildings occupied by the carrier, space in conduits, pole-line space for attachments, and the rent for carrier property not provided for elsewhere.

Items

Rent for use of general offices.

Rent for use of ducts, conduits, and subways.

Rent for use of wires and telegraph and telephone circuits.

Rent for a complete pipe line or section thereof.

Rent for land for carrier facilities.

Rent for longitudinal occupancy of land for pipe lines.

NOTE A: The expense incurred by the carrier in maintaining and operating property the rent for which is includible in this account shall be charged to the operating-expense account appropriate for owned property.

NOTE B: Taxes on leased carrier property shall be charged to account 412, "Pipe-line taxes," by the lessor.

§ 20.641 *Other expenses*. This account shall include all general operating expenses not properly chargeable to other general-expense accounts.

TRUNK LINES

Maintenance

§ 20.651 *Superintendence*. (For text of this section see § 20.601.)

§ 20.652 *Repairs of pipe lines*. (For text of this section see § 20.602.)

§ 20.654 *Repairs of buildings*. (For text of this section see § 20.604.)

§ 20.655 *Repairs of pumping stations*. (For text of this section see § 20.605.)

§ 20.656 *Repairs of oil tanks*. (For text of this section see § 20.606.)

§ 20.657 *Repairs of delivery facilities*. (For text of this section see § 20.607.)

§ 20.658 *Repairs of communication systems*. (For text of this section see § 20.608.)

§ 20.659 *Repairs of office furniture and equipment*. (For text of this section see § 20.609.)

§ 20.660 *Repairs of vehicles and other work equipment*. (For text of this section see § 20.610.)

§ 20.661 *Repairs of other property*. (For text of this section see § 20.611.)

§ 20.662 *Other expenses*. (For text of this section see § 20.612.)

§ 20.663 *Depreciation*. (For text of this section see § 20.613.)

§ 20.664 *Extraordinary retirements*. (For text of this section see § 20.614.)

§ 20.665 *Amortization adjustment*. (For text of this section see § 20.615.)

Transportation

§ 20.671 *Superintendence*. (For text of this section see § 20.621.)

§ 20.672 *Operation of pipe lines*. (For text of this section see § 20.622.)

§ 20.673 *Operation of pumping stations*. (For text of this section see § 20.623.)

§ 20.674 *Operation of oil tanks*. (For text of this section see § 20.624.)

§ 20.675 *Operation of delivery facilities*. (For text of this section see § 20.625.)

§ 20.676 *Operation of communication systems*. (For text of this section see § 20.626.)

§ 20.677 *Oil shortage*. (For text of this section see § 20.627.)

§ 20.678 *Other expenses*. (For text of this section see § 20.628.)

General Office

§ 20.681 *General office salaries*. (For text of this section see § 20.631.)

§ 20.682 *General office supplies and expenses*. (For text of this section see § 20.632.)

§ 20.683 *Law expenses*. (For text of this section see § 20.633.)

Other Expenses

§ 20.684 *Injuries to persons*. (For text of this section see § 20.634.)

§ 20.685 *Relief and pensions.* (For text of this section see § 20.635.)

§ 20.686 *Damage to property.* (For text of this section see § 20.636.)

§ 20.687 *Stationery and printing.* (For text of this section see § 20.637.)

§ 20.688 *Insurance.* (For text of this section see § 20.638.)

§ 20.689 *Casualty losses.* (For text of this section see § 20.639.)

§ 20.690 *Operating rents.* (For text of this section see § 20.640.)

§ 20.691 *Other expenses.* (For text of this section see § 20.641.)

GENERAL CLEARING ACCOUNTS

Maintenance

§ 20.751 *Superintendence.* (For text of this section see § 20.601.)

§ 20.752 *Repairs of pipe lines.* (For text of this section see § 20.602.)

§ 20.754 *Repairs of buildings.* (For text of this section see § 20.604.)

§ 20.758 *Repairs of communication systems.* (For text of this section see § 20.608.)

§ 20.759 *Repairs of office furniture and equipment.* (For text of this section see § 20.609.)

§ 20.761 *Repairs of other property.* (For text of this section see § 20.611.)

§ 20.762 *Other expenses.* (For text of this section see § 20.612.)

§ 20.763 *Depreciation.* (For text of this section see § 20.613.)

§ 20.765 *Amortization adjustment.* (For text of this section see § 20.615.)

Transportation

§ 20.771 *Superintendence.* (For text of this section see § 20.621.)

§ 20.776 *Operation of communication systems.* (For text of this section see § 20.626.)

General Office

§ 20.781 *General office salaries.* (For text of this section see § 20.631.)

§ 20.782 *General office supplies and expenses.* (For text of this section see § 20.632.)

§ 20.783 *Law expenses.* (For text of this section see § 20.633.)

Other Expenses

§ 20.784 *Injuries to persons.* (For text of this section see § 20.634.)

§ 20.785 *Relief and pensions.* (For text of this section see § 20.635.)

§ 20.787 *Stationery and printing.* (For text of this section see § 20.637.)

§ 20.788 *Insurance.* (For text of this section see § 20.638.)

§ 20.790 *Operating rents.* (For text of this section see § 20.640.)

§ 20.791 *Other expenses.* (For text of this section see § 20.641.)

CLEARING ACCOUNTS INSTRUCTIONS

§ 20.0-91 *Purpose of clearing accounts.* The clearing accounts (801 to 804, inclusive) are designed to facilitate the distribution of certain items which usually affect more than one class of accounts. (See § 20.0-71 *Purpose of operating-expense accounts*, relating to operating-expense general clearing accounts.) Any such items which can properly be allocated to the appropriate primary accounts as they are incurred may be charged direct to those accounts.

CLEARING ACCOUNTS

§ 20.801 *Vehicles and other work equipment expenses.* (a) This account shall include the expenses of repairing and operating vehicles, and other work equipment, including the expenses of operating garages and stables.

(b) This account shall be cleared by adding to the cost of the work performed through the use of such property, such amounts as will distribute such expenses equitably.

Items

Insurance against losses and damages to or by vehicles and other work equipment.

License fees for drivers.

Overages and shortages in material and supplies for vehicles and other work equipment.

Repairs of vehicles and other work equipment.

Supplies, such as food, fuel, gasoline, oil, tires, tubes, tire chains, soap, waste, sponges, measures, funnels, electric power, etc., used in the operation of vehicles and other work equipment garages, and stables.

Supervisors and their office and field forces, including inspectors, testers, garage men, and other employees, pay and expenses of.

NOTE: When the cost of maintaining and operating vehicles and other work equipment is directly chargeable to the accounts for

gathering lines or for trunk lines, the expenses of maintaining and operating them may be charged direct to the accounts for gathering lines or trunk lines, instead of being cleared through this account.

§ 20.802 *Shop expenses.* (a) To this account shall be charged items of expense at shops and other places at which mechanical work is done, not assignable direct to specific accounts.

(b) For the purpose of securing an equitable assignment of shop expenses to the cost of the output of the shops, a separate clearing account shall be maintained for each shop plant.

(c) The shop expenses for each shop plant shall be apportioned each month among the various accounts to which are chargeable the directly assignable expenses of the plant. The apportionment of shop expenses to each account shall be based upon the ratio of the shop expenses to the total assigned labor of the shop plant. The carrier is permitted to make the monthly apportionments of shop expenses on the basis of percentage rates, provided these rates are currently adjusted, and provided further that the balance in this account for each shop plant shall be fully apportioned and distributed at the close of each calendar year.

(d) The expenses assignable to this account are as follows:

(1) *General shop employees.* The pay of general foremen in small shops, who exercise direct supervision over all departments unassisted by department foremen; the pay of department foremen, assistant department foremen, other supervising or directing employees, and their clerks; pay of chauffeurs and oilers; pay of sweepers, cleaners, and other unskilled laborers employed in general work in and about shops and shop grounds; pay of watchmen, gatekeepers, and policemen at shops and other places at which mechanical work is done; pay of employees while attending fires or fire drills; pay of employees while making, repairing, or having charge of small shop tools; and the pay of employees while regularly engaged in making shop delivery of material from warehouses.

(2) *Power.* The pay of stationary engineers, firemen, electricians, fuel handlers, and other employees engaged in production of power; cost of fuel used in steam and other power plants in producing power for shops and for other

places at which mechanical work is done; cost of oil, grease, waste, and other material used in the operation of such power plants; cost of carbon brushes, fuses, lamps, picks, pokers, scuttles, shovels, and other small tools and supplies, and cost of water and power purchased.

(3) *Heating.* The cost of fuel and other supplies used for heating shops and other places at which mechanical work is done, shop offices, watchmen's, gatekeepers', and inspectors' boxes; and the pay of firemen, fuel handlers, and other employees engaged in operating heating boilers.

(4) *Lighting.* The cost of electric current, gas, oil, torches, lamp burners, lamp chimneys, lamps not permanently attached to buildings, incandescent lamps and flood lights, and other material used in lighting shops and shop offices and other places at which mechanical work is done, and cost of material used and labor expended in operating electric-light plants and repairing electric light and other lamps at shops.

(5) *Shop supplies.* Fuel for forge and other shop work; supplies and small tools used by mechanics and other employees engaged in construction or repair work; test-room and laboratory supplies used in connection with shop work; lubricating material for shop machinery and tools; water used at shops and shop offices and other places at which mechanical work is done; and other supplies used generally in shop work.

(6) *Incidental expenses.* Watchmen's uniforms, clocks, and call boxes; traveling expenses connected with the operation of shops not directly chargeable to other accounts; removal of snow and ice from shop yards when removed by shop employees; cost of ice for shops; and other undistributed shop expenses.

(7) *Balance.* The balance in this account shall be included in account 28, "Other deferred debits."

§ 20.803 *Material store expenses.* (a) To this account shall be charged expenses directly incurred in connection with purchasing, handling, and storing material in and distributing it from the carrier's warehouses, including the pay of employees in the store departments and their traveling, office, and other expenses. The pay and expenses of men employed in inspecting a single class of material shall be added as store expenses to the cost of that particular material.

(b) The total amount of warehouse expenses charged to this account shall be so distributed among the accounts to which material has been charged that the amounts thus distributed will be, for each account, in proportion to the value of the material consumed chargeable thereto. To avoid monthly fluctuations in the ratio of store expenses to the value of material purchased or issued, carriers may make a monthly apportionment on the basis of fair percentage rates, provided the store-expense account be adjusted and closed out at the end of each calendar year.

(c) The monthly balance in this account shall be included in account 28, "Other deferred debits."

§ 20.804 Machine tools and machinery; maintenance. (a) This account shall include the cost of repairs of machine tools and machinery.

(b) This account shall be cleared by adding to the cost of the work performed through the use of such property, such amounts as will distribute such expenses equitably.

NOTE A: The cost of labor expended and material consumed in the operation of machine tools and machinery shall be charged direct to the work in connection with which such property is operated.

NOTE B: The depreciation charges for machine tools and machinery shall be included in account 613, 663, 763, "Depreciation." Charges to other than the operating-expense accounts to cover depreciation on such property shall be credited to account 503, 553, "Rent revenues."

APPENDIX A

LIST OF ACCOUNTING UNITS OF PROPERTY

(See § 20.0-6 Interpretation of item lists)

(a) This list of units is established for the purpose of designating items of carrier property, the book cost of which shall be credited to the carrier-property accounts at the time of retirement for replacement. When the measure of a unit is a stated quantity it shall be construed as including that quantity or quantity greater than the stated quantity.

(b) There shall be credited also to the carrier-property accounts the book cost (estimated if not known) of any minor item of property retired and replaced with a part of a different type or design or constructed of a different grade of material rendering the part applied more or less durable or of a greater or less capacity than the item retired.

(c) The book cost of all property retired and not replaced shall be credited to the carrier-property accounts.

102, 152, Rights-of-way.

A section of right-of-way.

103, 153, Line pipe.

1,500 feet of pipe 6 inches in diameter or

larger contained in a continuous section.

3,000 feet of pipe of less than 6 inches in diameter contained in a continuous section.

104, 154, Line-pipe fittings.

Fittings for pipe-lines 6 inches or more in diameter contained in a continuous section of 1,500 feet of line pipe.

Fittings for pipe-lines less than 6 inches in diameter contained in a continuous section of 3,000 feet of line pipe.

105, 155, Pipe-line construction.

The construction cost pertaining to a unit of line pipe.

106, 156, 176, Buildings.

A complete building.

An entire roof with or without supporting members.

A complete fire escape.

A complete heating system.

An elevator complete with operating mechanism.

107, 157, Boilers.

A complete boiler.

108, 158, Pumping equipment.

A complete engine with or without foundation.

A complete pump with or without foundation.

A power-transmission system.

109, 159, 179, Machine tools and machinery.

A machine tool.

A foundation special to a machine.

A motor, generator, steam engine, pump, ventilating fan, or other similar equipment.

A coal-handling system.

An ash-handling system.

A furnace.

A boiler.

110, 160, Other station equipment.

Each complete item of property, the book cost of which was charged to the carrier-property account.

111, 161, Oil tanks.

A complete oil tank with or without grade and fire walls.

A fire wall.

A tank grade.

112, 162, Delivery facilities.

A motor, generator, engine, pump, or similar equipment.

A delivery-pipe system.

A complete wharf.

A section of wharf.

A pile cluster or dolphin.

A complete loading or unloading rack.

A complete railroad siding.

113, 163, 183, Communication systems.

Telegraph and telephone terminal equipment.

A complete switchboard.

Telegraph and telephone outside plant.

A continuous section of 1 mile of aerial wire.

A section of 1,000 feet of aerial cable.

- A section of 500 feet of submarine cable.
- A section of 500 feet of conduit.
- A continuous section of 35 poles.
- A case of equipment, such as loading coil or autotransformer.

Radio and wireless equipment.

A transmitting set.

A receiving set.

An antenna, complete, or without supports.

114, 164, 184. Office furniture and equipment.

Each complete item of furniture or equipment the book cost of which was charged to the carrier-property account, such as:

A desk, chair, table, davenport, typewriter, computing machine; a sec-

tion of bookcase, filing cabinet; rug, carpet, or other floor covering for one room.

115, 165, 185. Vehicles and other work equipment.

Each complete item of equipment the original cost of which was charged to the carrier-property account, such as:

A passenger automobile or truck with or without body; a tractor; a pole derrick, power winch, earth-boring machine, or trailer.

116, 166, 186. Other property.

Each complete item of property the book cost of which was charged to the carrier-property account.